



INTERNATIONAL

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

Paris, Friday, March 6, 1998

No. 35,772

TODAY:
LESURE
Uzbekistan Page 10

Clinton Angrily Assails Leak of His Testimony

President's Lawyers Demand FBI Inquiry As Tension With Starr's Team Heightens

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton, in one of his rare comments on the allegations swirling around him, on Thursday angrily denounced an apparently illegal leak of a detailed account of his deposition in the Paula Jones sexual misconduct suit.

"Somebody in this case ought to follow the law," Mr. Clinton said.

Mr. Clinton's private attorneys called the leak "reprehensible" and demanded an FBI investigation of its source.

As they spoke, there was an extraordinary flurry of activity at the federal courthouse here as Vernon Jordan Jr., a close Clinton friend, appeared for a second day of questioning; and William Ginsburg, an attorney for Monica Lewinsky, appeared before a federal judge, apparently to argue against Kenneth Starr, the independent counsel, about an offer of immunity for his client.

The dispute over the deposition is the

latest in a series of increasingly acrimonious exchanges between Mr. Clinton's lawyers and the Starr team over vaguely sourced press leaks that appear either to have come from the closed grand jury investigation, from sources close to it, or possibly from White House advocates seeking to deflate sensational charges through preemptive leaks.

Mr. Clinton's five-hour deposition in the Jones case had been held under court seal.

The Washington Post, giving no indication of its source, published an extensive account of the session in its Thursday editions, providing not only the substance of what was said but also descriptions of Mr. Clinton's demeanor that seemingly could come only from a person at the session or from a recording of it. (Page 3).

The Associated Press and CNN quoted unnamed sources as confirming the accuracy of the Post's report.

See CLINTON, Page 6

Organized Crime Strangles Slovakia

Extortion and Protection Rackets Grow Into a Threat to Business

By Peter S. Green
International Herald Tribune

BANSKA BYSTRICA, Slovakia — When the mob came calling in August at his office in this provincial capital, Frantisek Mojzis had a good idea what it was after: his business.

But Mr. Mojzis refused to sign over the title to his company, or hire a mob-controlled security service to "protect" his business. Nor did Mr. Mojzis ask Slovakia's marginally effective police force for help when the men the mob sent played tough with him, cajoling and finally "offering" to take him on a short car ride, Mr. Mojzis recalled recently.

Instead, Mr. Mojzis did what many people do when they find themselves in a period of great trouble: He turned to God.

Rather than take in a mob front man as a silent partner, he decided to try to save his eight-year-old company, Drukos s.r.o., by signing over ownership to the Roman Catholic Church. The diocese's Society to Aid the Poor and Sick now owns Mr. Mojzis's 5.2 billion koruna (\$150 million)-a year empire, leasing cars and business machines and building prefabricated homes, while turning some of the profits over to the poor.

"A man's belief shouldn't just express itself in words, but in his deeds as well," Mr. Mojzis said as he nervously smoked a cigarette in his heavily guarded office. He said he was inspired by the example of Banska Bystrica's bishop, the Reverend Rudolf Balaz, a vocal opponent of the heavy-handed rule of Prime Minister Vladimir Mečiar.

The demise of communism in 1989 opened the doors for savvy, energetic entrepreneurs like Mr. Mojzis to cash in on the potential for rapid economic growth in Eastern Europe as it embraced capitalism. But through those same doors walked organized crime gangs, and nowhere in Central Europe have these resourceful toughs been more brazen or apparently more politically well-connected than in Slovakia, according to a range of experts, including diplomats, police officers, investigative

See SLOVAKIA, Page 12



Scott Ritter heads a team of about 50 UN inspectors.

Moon Survey Finds Evidence of Water

The Associated Press

WASHINGTON — Small, scattered pockets of water ice have been found beneath the lunar surface by a robot survey spacecraft that has spent the last month mapping the moon.

NASA officials said the usefulness of the water was not immediately clear, because the data from the spacecraft Lunar Prospector show it is scattered in small deposits across thousands of square miles of the lunar poles.

While the evidence of water ice is quite strong, the water signal detected by the spacecraft's instruments is relatively weak, said William Feldman, a Department of Energy researcher participating in the project.

Finding water ice on the moon bolsters tentative plans to establish a permanent lunar base. If water could be mined on the moon, it would ease the need of sending a supply from Earth.

In a sign that Iraq was playing down the significance of Mr. Ritter's visit, photographers and television crews were asked not to cover his arrival.

In January, Iraq blocked inspections by Mr. Ritter's team, alleging that he was a spy and that his team was weighted with Americans and Britons.

The move sparked a standoff with the United Nations, and the two sides sparred for weeks over access by UN weapons teams to "sensitive sites," including dozens of President Saddam Hussein's palaces. The United States threatened to attack if Iraq did not allow inspectors access to the sites, while Baghdad said such inspections would violate its sovereignty.

Iraq has pledged that it will comply fully with the deal it signed with Mr. Annan, under which it also promised un-

Saddam's Nemesis Back for Inspection

But Ritter, Earlier Barred as 'Spy,' May Not Visit Presidential Sites

Compiled by Our Staff From Dispatches

BAGHDAD — The United Nations weapons inspector Scott Ritter, branded a spy by Iraq, returned to Baghdad on Thursday on a mission that could prove to be an early test of Iraq's pledge to comply with the inspection regime.

Iraq's cooperation with Mr. Ritter, an American who was barred in January from working, may show how far it is ready to carry out a pledge made 10 days ago to give unrestricted access to the inspectors, who believe it is still concealing banned weapons.

Iraq made the commitment in an accord signed by the UN secretary-general, Kofi Annan, and Deputy Prime Minister Tariq Aziz, which defused a crisis over access to eight so-called presidential sites.

Mr. Ritter flew to Habbaniya military airport outside the capital at the head of a team of about 50 inspectors and then traveled by bus to the UN headquarters in Baghdad.

Iraq's official press agency briefly mentioned his arrival in a report on visits carried out Thursday by inspectors of the UN Special Commission, or Unscom, who have continued their work throughout the recent crisis.

In a sign that Iraq was playing down the significance of Mr. Ritter's visit, photographers and television crews were asked not to cover his arrival.

In January, Iraq blocked inspections by Mr. Ritter's team, alleging that he was a spy and that his team was weighted with Americans and Britons.

The move sparked a standoff with the United Nations, and the two sides sparred for weeks over access by UN weapons teams to "sensitive sites," including dozens of President Saddam Hussein's palaces. The United States threatened to attack if Iraq did not allow inspectors access to the sites, while Baghdad said such inspections would violate its sovereignty.

Iraq has pledged that it will comply fully with the deal it signed with Mr. Annan, under which it also promised un-

See IRAQ, Page 12

Yugoslavia Opens Offensive Against Albanian Rebels In Kosovo Region

Defying Calls for Restraint, Milosevic Appears Determined To Smash Separatist Movement

By Chris Hedges
New York Times Service

PRISTINA, Yugoslavia — Serbian security forces Thursday opened the Yugoslav government's largest counterinsurgency operation so far in the fight against separatist rebels in Kosovo Province. Troops cordoned off scores of villages and forced the evacuation of dozens of Serbian families, along with women and children from the ethnic Albanian community.

Serbian police officials said they began the attack in the Drenica region, 40 kilometers (25 miles) west of the provincial capital, Pristina, after a dawn ambush on a police station that left two policemen wounded. The

U.S. punishes Belgrade over crackdown: Page 6

villages that are the targets of the Serbian siege are the same ones where at least 24 ethnic Albanians were killed by Serbian police and paramilitary units last weekend.

A spokesman for the leader of Kosovo's Albanians, Ibrahim Rugova, called the situation "dramatic," with houses burning and "massacres being carried out."

Mr. Rugova's spokesman, Mustafa Xhemajeli, said: "Today's attack proves the unprecedented brutality of the Belgrade regime."

It was not possible to confirm the accusations.

[Twenty Albanians and two Serbian policemen were killed Thursday in fighting in Prekaz, Reuters reported from Belgrade, quoting the Interior Ministry. Refugees told reporters that the security forces attacked the village with armored vehicles and helicopters.]

The assault, apparently aimed at wiping out the separatist Kosovo Liberation Army, came as the foreign secretary of Britain, Robin Cook, representing the European Union, met in Belgrade with President Slobodan Milosevic of Yugoslavia.

Mr. Cook is to preside over a meeting in London on Monday of foreign ministers from the six-nation Contact Group — comprising the United States, Russia, Britain, France, Germany and Italy — to discuss the crisis in Kosovo.

Mr. Cook said he had urged Mr. Milosevic to negotiate with ethnic Albanian nationalists in Kosovo who are demanding independence for the southern province. He also warned the president that he faces increased international isolation if he continues to use force to quell the unrest there. European diplomats said.

Mr. Cook said at the airport in Belgrade that he did not win any guarantees. "I wish I could say that I leave here more hopeful than when I arrived," he said, adding that instead he was left with a feeling of "grave concern."

The police assault Thursday was viewed by analysts as Mr. Milosevic's defiant answer to the international calls for restraint and dialogue.

Many diplomats say they fear that the assault on the ethnic Albanian community will lead to the kind of wild slaughter that characterized the Serbian onslaught during the war in Bosnia-Herzegovina. The black-uniformed paramilitary units from the Ministry of Interior now fanning out across Kosovo were deployed during the Bosnia war.

As helicopter gunships whirled overhead, police barricaded behind sand bags and armored personnel carriers turned back those who tried to enter the towns in the Drenica region. Some people said they could hear explosions from the hillsides around Prekaz.

Ethnic Albanians are not the only victims of this

Evasions Mark Suharto's Steps To Carry Out IMF Reforms

By Seth Mydans
New York Times Service

JAKARTA — As a decision nears over whether to infuse billions of dollars in international aid to Indonesia, a close look at the performance of President Suharto shows a pattern of evasions and half-measures on the economic reforms he agreed to six weeks ago.

From cars to cloves to banks to plywood, the painful austerity measures Mr. Suharto promised in return for the aid made brief appearances here. But many have disappeared again in a haze of missed deadlines, quick name changes and fiscal shuffling, according to Indonesian and foreign businessmen and economists.

Tax breaks for a "national car" were removed, only to reappear in a new form. Cartels controlled by Mr. Suharto's close friends in cloves and plywood seem to have been dismantled, only to rise again, the experts said.

Banking reform, probably the most critical step in regaining financial stability, appears to have been slowed by the financial interests of the country's elite. The removal of subsidies for basic commodities has been announced several times, only to be delayed as food riots have flared around the country.

Officials of both the United States and the International Monetary Fund warn that unless quick action is taken on these and other reforms, a \$40 billion rescue package could be suspended later this

China Slates \$1 Trillion To Safeguard Its Boom

Fighting the Asian Crisis With Public Works

By Seth Faison
New York Times Service

BEIJING — The leaders of China have devised a plan to spend \$1 trillion on infrastructure projects in the next three years, an ambitious effort to stop the Asian financial crisis from derailing China's economic growth and the political stability that has come with it.

A stimulus package on a stunningly large scale, the plan is intended to counter ill effects from the fall of Chinese exports and foreign investment, once twin engines of a go-go economy. Both are expected to drop sharply this year. Delegates at the opening session of the National People's Congress, an annual meeting of China's legislature, said Thursday the spending plan would be unveiled in the coming days.

Leaders in Beijing have watched with mounting alarm in recent months as one Asian country after another fell into financial crisis. Aware that their own banking and industrial troubles were at least as



Chinese leaders standing for the national anthem Thursday at the opening session of the National People's Congress.

The Dollar		
New York	Thursday @ 4 P.M.	previous close
DM	1.8348	1.8185
Pound	1.6355	1.6467
Yen	127.745	128.97
FF	6.15	6.102

The Dow		
Thursday close	8445.08	8539.24
charge	1035.07	1047.33

charge Thursday @ 4 P.M. previous close

12.26 1035.07 1047.33

United Places \$1.4 Billion Airbus Order

United Airlines has ordered 30 narrow-body aircraft from Airbus Industrie, the European consortium, at a deal valued at about \$1.4 billion. The airline said it had ordered 20 A320s and 10 A319s. The Airbus A320 costs from \$46 million to \$49 million, and the A319 costs \$41 million to \$46 million.

Books Page 9
Crossword Page 20
Opinion Pages 8-9
Sports Pages 20-21

The Intermarket Pages 4, 5
The IHT on-line www.iht.com

Advertisers Find a Formula They Like in Auto Racing

By Tom Buerkle
International Herald Tribune

LONDON — They are sleek and fast. They travel the globe from Melbourne to Monte Carlo, surrounded by models and princes, actors and corporate moguls, and watched by some 460 million avid television spectators. And there are only 22 in each race.

They are Formula One racing cars. And in this high-tech, high-speed age, they are fast becoming a dream vehicle for the advertising world.

As Michael Schumacher, Jacques Villeneuve and other drivers gear up for the season-opening Aus-

tralian Grand Prix this Sunday, the traditional cigarette and motor-oil logos are increasingly sharing space on racing-car bodies with logos from banking giants like HSBC Holdings PLC, high-technology companies like Hewlett-Packard and Alcatel Alsthom, and even Hollywood's Universal Studios.

The surge in sponsorship attest to the growing appeal of one of the world's most popular annual sporting events. It also provides optimism for the future of a sport that is facing a European ban on tobacco advertising in eight years' time, and tough new scrutiny by antitrust regulators into its cosy tie-ups with broadcasters and race-track operators.

See FORMULA ONE, Page 12

See INDONESIA, Page 12

||
||
||

INTERNATIONAL

Divisions in Congress Party Boosting Rivals' Confidence

By John F. Burns
New York Times Service

NEW DELHI — With its opponents in seeming disarray, India's main Hindu nationalist party grew increasingly confident Thursday that it will form the country's new government, although probably not for another week.

When election results earlier this week showed a neck-and-neck finish between two rival political blocs — one led by the Hindu nationalist Bharatiya Janata Party and the other by the Congress (I) Party — the stage seemed set for a protracted period of power-brokering, with both sides claiming the right to govern.

But when the Congress Party's leadership met in New Delhi for four hours Thursday the meeting broke up in disagreement over the viability of any attempt to form a government.

The issue was put off for at least a day as members of the party's Central Working Committee fell into dispute over bungled election tactics and, crucially, over who should lead the party in Par-

liament and thus be its candidate for prime minister if a bid for power is made.

Several of the party's most influential leaders have said publicly that they believe the Congress Party would do better to choose a period in opposition.

Another group, believed to be in the majority, is said to support the course favored by Sitaram Keshi, the 82-year-old party president. He hopes to achieve a coalition government with the United Front, a third major political bloc, which retains the minority government that collapsed in December.

In any case, it seemed probable Thursday that no new government will be formed before March 12, the date set by the country's Election Commission for a formal notification of the election results. The delay, to allow counting of votes in several parliamentary districts where balloting has yet to be completed, appeared to mean that President K.R. Narayan will wait until then before inviting one of the party leaders, probably the Bharatiya Janata Party's Atal Bihari Vajpayee, to become prime minister.

Between them, the Congress Party and the United Front, which is a coalition of 13 regional and leftist parties, have 264 seats in the 545-seat Parliament, a narrow margin over the 250 seats won by the alliance led by the Bharatiya Janata Party. To form a government that can be sure of winning a parliamentary vote of confidence, each side will need 273 votes, so each needs to bolster its ranks with recruits from among 21 newly elected deputies who belong to none of the three major groups.

Even before the schism developed in the Congress Party, the underlying parliamentary arithmetic appeared to favor the alliance led by the Bharatiya Janata Party, since at least one group in the United Front, a 12-member bloc from the southern state of Andhra Pradesh, has equivocated on its position and hinted that it may switch sides.

Other moves have suggested a gathering momentum for the Bharatiya Janata Party among the splinter parties and independent members making up the floating group of 21 members.

One senior Bharatiya Janata Party leader, Pramod Mahajan, who is general secretary, said Thursday that the party had already won assurances of support from 10 of the 21. In addition, Mr. Mahajan said, his party expected pledges from other groups not to vote against a government led by the Bharatiya Janata Party.

"So we have already crossed 260 seats, and I think this is a working majority," he said.

The most telling sign of disunity in the Congress Party was its failure to agree on who should become its parliamentary leader. Reverting to a dynastic reflex that many in the party see as one of its main liabilities, the leadership sent an emissary to Sonia Gandhi, the Italian-born widow and daughter-in-law of two previous Congress Party prime ministers, Rajiv and Indira Gandhi, and asked her to settle the matter.

Although Mrs. Gandhi led the Congress election campaign, drawing huge crowds across the country that probably saved the party from a far worse showing than it achieved, she holds no formal leadership position. It was not clear how she would react to the suggestion that she become the party's kingmaker. It was clear, however, that Mrs. Gandhi would not take the post herself, since she was not a candidate in the election and is thus not eligible to be parliamentary leader, not at least without running in a by-election or getting herself nominated to the Parliament's upper house.

Party sources said that the dispute on the choice of a parliamentary leader reflected a much deeper divide and that this dispute also found expression in the disagreement on postelection strategy.

Essentially, the divide seemed to array around Mr. Keshi a group of veteran leaders, many in their 70s and even 80s. Opposing them is a much younger group, including such men as Madhav Rao Scindia, 53, a former cabinet minister who is said to be favored by Mrs. Gandhi.

Mr. Scindia, a former maharajah, has been a strong voice, for reform in the Congress Party, arguing that it needs to rid itself of corrupt leaders.

BRIEFLY
Israelis Holding 5 As Terrorist Ring

JERUSALEM — The Israeli Army announced Thursday that it had dismantled a major armed network of the radical Palestinian movement Hamas, arresting five men, including a Palestinian policeman who was charged with helping to organize multiple suicide bombings in Jerusalem last year.

The police also said that another detained Hamas activist had revealed that his group planned to storm a foreign embassy in Israel and hold its employees hostage to free jailed Palestinian militants.

The army said in a statement that it had arrested five men from the autonomous West Bank cities of Nablus and Ramallah and from East Jerusalem for allegedly helping plan the bombing in Jerusalem last July and September that killed 21 Israelis.

An army spokesman said the cell was also involved in drive-by shootings against Israelis in the West Bank. (AP)

Bombing in Sudan

NAIROBI — A Sudanese government plane bombed a hospital at Yet in rebel-held territory on Thursday, killing 7 and wounding 46, the humanitarian agency Norwegian People's Aid said.

The plane dropped 13 bombs and 5 hit the hospital directly, destroying the operating theater and an evacuation bunker, said Dan Eiffe, the group's liaison officer.

Of the 46 wounded, 11 were in critical condition and needed to be evacuated, he said. (Reuters)

Snooping in Mexico

MEXICO CITY — A top Mexico City official said she had discovered two tiny surveillance cameras in her office — a day after a leading opposition congressman found hidden microphones in his office.

The city's interior secretary, Rosario Robles, a member of the opposition Democratic Revolution Party, called the discovery "serious espionage" of her office.

She did not say who might have been behind the surveillance. (AP)



Ethnic Albanians exchanging news in the Drenica region Thursday as Serbian police deployed through the area.

U.S. Punishes Yugoslavia Over Kosovo Crackdown

Copied by Our Staff From Dispatches

WASHINGTON — The United States has decided to withdraw concessions recently offered to the Yugoslav government to punish it for the crackdown in Kosovo, the State Department said Thursday.

"We are withdrawing those," said a spokesman, James Foley.

Robert Gelbard, President Bill Clinton's special representative for the Balkans, announced on Feb. 23 four measures that were intended to reward Belgrade for cooperating in carrying out the Dayton peace accord in Bosnia. The accord was signed in 1995.

The administration had offered U.S. landing rights for Yugoslav airlines, a lifting of the ceiling on the number of Serbian diplomats at the United Nations, the opening of a Yugoslav consulate in the United States and an invitation to join the Southern European Cooperation Initiative, a U.S.-brokered organization that promotes regional ties.

There has been no evidence that President Slobodan Milosevic has headed repeated recent entreaties by the United States and its European allies to end the violence in Kosovo and begin a dialogue with the ethnic Albanians who are a majority there, Mr. Foley said.

"There should be no doubt about the seriousness with which we view the situation in Kosovo," the special representative added. (AP, Reuters)

■ Allies' Help Sought

R. Jeffrey Smith of The Washington Post reported earlier:

The Clinton administration says it wants U.S. allies to join in imposing new economic and diplomatic penalties against the Yugoslav government to forestall more serious violence in Kosovo.

Mr. Gelbard says that over the next few days, there will be "some very serious action" to register a U.S. and allied protest over Belgrade's crackdown in Kosovo.

He did not provide details, but another official said that a possible measure would be the withdrawal of foreign diplomats from Belgrade.

Washington has long feared that tensions between the majority ethnic Albanians and the minority Serb administrators in Kosovo might lead to war in the Balkan region. In the worst case, a war would draw in military forces of nearby Greece, Turkey and Albania in addition to troops from Serbia.

U.S. fears were heightened in mid-

January, when the CIA warned senior administration officials that the Yugoslav government was planning a possible crackdown by Serbian forces on ethnic Albanians, U.S. officials said.

By mid-February, the agency had further warned that armored units in Serbia were being mobilized. Shortly afterward it reported that Interior Ministry troops had been moved to the perimeter of the province for possible use in the crackdown.

Tensions erupted after Serbian military police tried to capture ethnic Albanian extremists near the village of Likošane on Friday. Four Serbian policemen were reportedly ambushed and killed by the extremists, who were evidently members of a shadowy group known as the Kosovo Liberation Army that wants Kosovo to be independent.

Serbian paramilitary units reportedly responded brutally during the weekend by executing about two dozen people in the village — the most that have died in Kosovo from any military action since World War II, according to sources.

On Thursday, Serbian policemen continued their attacks on ethnic Albanians in Kosovo, carrying out what they called a "retaliatory action" in the Drenica region.

Mr. Gelbard said that he and Secretary of State Madeleine Albright intended to discuss their plan for imposing new sanctions against Yugoslavia at an emergency meeting in London on Monday with her counterparts from Britain, France, Russia, Italy and Germany. These countries are members of the Contact Group that coordinates peace efforts in the Balkan region.

"We simply won't brook any violence, and yes, I do put the overwhelming responsibility of the government" of Yugoslavia on Mr. Gelbard said Wednesday. Referring to the executions, he added, "This is something that will not be tolerated by the United States."

Kosovo is a landlocked, mountainous territory with a population of just 2.2 million people, but sufficient minerals and other natural riches to make it a prize in the impoverished region.

The team, from the National Institute for Agronomic Research, also announced the birth Feb. 20 of Marguerite, a 48-kilogram (105-pound) calf cloned from embryonic cells — an important scientific feat but not the first of its kind.

The biotechnological stride implied by Dolly was that perfect replicas of a mammal could be created using differentiated cells — that is, cells evolved to specific functions in a mature organism.

But the French research director, Jean-Paul Renard, noted at a news conference that in the Dolly experiment, the culture of adult cells might have contained embryonic material that cast some doubt on Dolly's genetic origins.

The French laboratory's experiment with a calf, they said, would remove much of the doubt about Dolly's origins.

French Researchers Clone Calf As Proof of Dolly Experiment

Washington Post Service

PARIS — Dolly, the Scottish ewe who became the cloning sensation of 1997, will soon have company of the bovine sort.

So say French researchers who reported Thursday that they had cloned a calf from adult cells and were anticipating its birth in early summer. Assuming normal gestation, the research team said, the newborn would constitute confirmation of the Scottish experiment that produced Dolly, the first known mammal cloned from fully developed adult cells.

The team, from the National Institute for Agronomic Research, also announced the birth Feb. 20 of Marguerite, a 48-kilogram (105-pound) calf cloned from embryonic cells — an important scientific feat but not the first of its kind.

The biotechnological stride implied by Dolly was that perfect replicas of a mammal could be created using differentiated cells — that is, cells evolved to specific functions in a mature organism.

But the French research director, Jean-Paul Renard, noted at a news conference that in the Dolly experiment, the culture of adult cells might have contained embryonic material that cast some doubt on Dolly's genetic origins.

The French laboratory's experiment with a calf, they said, would remove much of the doubt about Dolly's origins.

KOSOVO: Yugoslavia Opens Assault on Separatist Rebels

Continued from Page 1

struggle. The fighting has spread panic through the small, beleaguered Serbian community, and numerous families said they were preparing to flee the province.

Many ethnic Serbs said that state security forces had quietly been distributing automatic assault rifles to Serbian men in Kosovo, including to some of the 25,000 Serbian refugees who were resettled here by Belgrade after being expelled during the wars in Croatia, Bosnia and other parts of the former Yugoslavia.

Serbs account for less than 10 percent of Kosovo's 2 million inhabitants. They live in small ghettos and towns where they have little contact with ethnic Albanians.

Since 1989, when Belgrade revoked Kosovo's status as an autonomous province, most ethnic Albanians have shown their animosity to Serbian rule by boycotting state institutions and organizing their own schools and community services.

In a dank, stuffy gymnasium that is serving as a haven for about 400 Serbian refugees, Zdravko Olovic sat peeling four potatoes for his dinner.

The battles, raging just a few kilometers away, brought back troubling memories of his life as a Serb in Croatia in 1991, at the start of the war for independence from Yugoslavia.

"Perhaps," he said, "given what has happened in the rest of the former Yugoslavia, it was just a question of time before this occurred in Kosovo."

At night in the last few weeks, Kosovo Liberation Army rebels have opened fire on apartment blocks

housing the families of policemen, and at some scoured centers for the Serbian refugees. Most of them had been resettled after the last Balkan war.

"The fear among the Serbs is escalating," said Bosko Drobniak, chief of information for the Serbs of Kosovo.

"These terrorists used to target state bodies and their representatives, first of all the police."

"They then started to murder prominent Serbs and ethnic Albanians who remained loyal to the state. Now they are killing ordinary Serb civilians. The state must protect its citizens. It must provide security."

Serbs planning to leave the province, especially many of the refugees, said they believed the violence would increase.

"No one wants to go to Serbia," said Tanja Srbac, 24, who works in the Pristina electric company and who was expelled from Croatia with her family. We are not given Serbian citizenship as refugees. We are denied employment in state companies. Only in Kosovo can Serb refugees find work and equal treatment. The pressure, however, has become too much. It is unbearable. I live in an old hotel with 450 refugees and every few days another room is empty."

The void between Serbian and ethnic Albanian communities is so wide it is difficult to see how it could be bridged.

"We have seen enough of violence and terror," said Preva Raden, 36, who was resettled against her will in Kosovo by the Yugoslav government after she fled Croatia two years ago. "I know the warning sings. I saw them before. It is time to leave."

CHINA: \$1 Trillion Public Works Project

Continued from Page 1

previously approved infrastructure plans, but the bulk is being delayed now.

"Because of the Asian financial crisis, we need to increase the amount significantly," Mr. Huang said. "The total is \$1 trillion."

China's leadership may have been united in approving the spending plan, as Mr. Huang suggested, but a leading role was very likely played by Zhu Rongji, deputy prime minister, who has been in charge of economic affairs since 1993.

Mr. Zhu is expected to be named prime minister soon, replacing Li Peng. Known as a stern, no-nonsense manager, Mr. Zhu has aggressively seized on enterprise and banking reform as two of his top priorities, saying it would take only three years to sort out each sector.

Yet another issue of Mr. Zhu's table is the downsizing of government. The government work report delivered to the congress Thursday outlined a sharp reduction in the number of ministries, from 40 to 29. Details of the central government cutbacks are expected to be made public Friday.

Even if the current crisis leads China to swifter infrastructure construction, more efficient government or better banks, it will inevitably slow the modernization of the financial system here. Frightened by the power of international currency markets, China's leaders have indefinitely delayed plans to make their own currency fully convertible.

Chen Yuan, deputy governor of the People's Bank of China, said Thursday that it could take 10 years before China is in a position to expose its currency, the yuan, to a fully open market. Last year, Chinese officials often used 2000 as an unofficial target for full convertibility.

"We will gradually pave the way to full convertibility," Mr. Chen said. "It

may take 10 years. We should think in terms of decades."

Mr. Chen defended a plan by the Finance Ministry to buy \$32 billion in special bonds to recapitalize the nation's four largest banks, a move announced last weekend. Some economists have called it an accounting trick, since the banks sell bonds to the Finance Ministry, which in funnels the money back to the same banks as cash capital.

"It is a movement of money from one part of a bank's balance sheet to another," Mr. Chen said. "But it is the government that is buying the bonds, so it is not just converting liability into capital."

Estimating China's nonperforming loans at about 20 percent, Mr. Chen said that until China adopted international accounting standards by the end of this year, no one would know precisely how bad the banks' financial health was.

Recent banking reforms, Mr. Chen added, are aimed at reducing political influence, or "cronyism," and at reorienting loans, eliminating loan quotas and adopting more commercially oriented criteria for lending. "Last year, we also removed 525 bank or branch managers," he said. "That improved lending quality very quickly."

As for the infrastructure spending plan, Mr. Chen said it was vital. "We are going to expand public spending," he said. "In case exports are affected, we need to expand domestic demand."

Ordinarily, such a large spending package could have a dangerously inflationary effect. Yet inflation in China has dropped so low in recent months it is now close to zero — that economists seem to agree that it poses no threat.

Senior bankers in China have often repeated a new mantra that the yuan will not be devalued anytime in the near future. Mr. Li said so in his work report. He was echoed Thursday by Mr. Chen, who said devaluation was "not a choice."

CLINTON: President Denounces Leak of Deposition in Jones Case; Lawyers Seek Inquiry

Continued from Page 1

The deposition

INTERNATIONAL

CIA Is Training Palestinian Forces**Dual Goal: Hunt Terrorists and Bolster Israel's View of Counterparts**By Tim Weiner
New York Times Service

WASHINGTON — The Central Intelligence Agency has been training the security forces of the Palestinian Authority in the arts of espionage, information-gathering, interrogation and other techniques of the trade, U.S. government officials say.

With Israel's knowledge, the CIA's counterterrorism and covert-operations officers have been instructing senior and mid-level Palestinian security officials in the United States since mid-1996, the officials said. FBI agents who work at the CIA's Counterterrorism Center have also helped train the Palestinians.

The program has two aims, the officials said. The first is to increase the Palestinian security forces' professionalism and improve their ability to identify and arrest suspected terrorists, a task in which the officials said the CIA has succeeded in part. The second is to increase the Israeli government's confidence in the Palestinians, a political goal that has proven more elusive.

The CIA instructs its trainees in nonviolent interrogation techniques; its lessons prohibit torture. But the Palestinian security services have learned the CIA's lessons — is questionable.

Palestinian officials acknowledged in 1996 and 1997 that some members of the Palestinian security apparatus had abused suspects under arrest. It is unclear whether any of those Palestinian security officials had been trained by the CIA. For its part, Israel has acknowledged using what it calls "moderate physical pressure" on political suspects; human-rights groups call that pressure torture.

The training takes place under a broader program of cooperation among the CIA, the Palestinian security services and the Israeli internal-security force known as Shin Bet.

The CIA station chief in Israel has been acting as a go-between and a referee under the agreement, which seeks to combat terrorism by such militant Islamic resistance groups as Hamas, and ultimately strengthen the badly frayed peace effort in the region.

The Palestinian security forces regularly arrest suspected members and sympathizers of Hamas, a group whose suicide bombers have killed scores of people in Israel to undermine efforts at coexistence between the Pal-

estinian Authority and the Jewish state.

The CIA provides training and advice to the intelligence and security services of many nations besides the Palestinian Authority.

One of the agency's aims is to teach methods of interrogating suspects without torturing them. A 1963 CIA interrogation manual, recently declassified, discussed the uses of physical torture as a last resort. Twenty years later, the agency was telling foreign intelligence services that physical torture was counterproductive, but it still instructed them in the uses of mental torture and coercion.

The agency now teaches only nonviolent methods of interrogation, which can include friendly persuasion, verbal trickery and psychological pressure, in accordance with its own codes of conduct.

Those codes were revised in 1985 to exclude "the use of force, mental torture, threats, insults or exposure to unpleasant and inhumane treatment of any kind as an aid to interrogation."

Whether these milder techniques work on suspected terrorists — or whether the Palestinian security services have learned the CIA's lessons — is questionable.

Palestinian officials acknowledged in 1996 and 1997 that some members of the Palestinian security apparatus had abused suspects under arrest. It is unclear whether any of those Palestinian security officials had been trained by the CIA. For its part, Israel has acknowledged using what it calls "moderate physical pressure" on political suspects; human-rights groups call that pressure torture.

Curt Goering, deputy executive director of Amnesty International USA, said he had seen no improvement in the performance of the Palestinian security forces regarding human rights over the last two years.

No U.S. official would comment publicly on any aspect of the program, including Palestinian security services' human rights record.

The CIA's ties to the Pal-

estinian services have a 25-year history. In 1973, Yasser Arafat, the Palestinian leader, sent an emissary to meet secretly with Vernon Walters, then the deputy director of central intelligence, to discuss how to "prevent radical assaults on the early peace process" between Arabs and Israelis, according to the memoirs of Henry Kissinger, the former secretary of state.

That Palestinian emissary was Ali Hassan Saleh, who was on the most-wanted list of Israeli intelligence service for masterminding the murder of 11 Israeli athletes at the 1972 Munich Olympics.

From 1973 through 1978, Mr. Saleh, better known as Abu Hassan, provided the United States and its allies with tips about the assassination plots of radical Palestinian organizations and other Arab terrorist groups.

In those years, the CIA set up a network of contacts within Mr. Arafat's Palestine Liberation Organization and various guerrilla groups in Lebanon. Its leading Middle East expert, Robert Ames, and his officers in Beirut, reached an understanding with the PLO through contacts with Mr. Saleh, under which the U.S. Embassy in Lebanon, which housed the Beirut station, was protected from harm.

In January 1979, Mr. Saleh was killed by a booby-trapped Volkswagen parked in Beirut. The Israeli foreign intelligence service, the Mossad, is thought to have set the bomb. In April 1983, Mr. Ames and at least six other CIA officers were killed when Islamic militants blew up the U.S. Embassy in Beirut.

These killings damaged the agency's deepest connections with Palestinian organizations during the 1980s. Those connections and the insights they provided were difficult to recreate, retired agency officials said. The training program with the Palestinian security services may help re-establish them, other officials said.



HOMECOMING — Relatives waving to prisoners released from Syrian jails as they crossed the Syria-Lebanon border at Masnaa on Thursday. Syria released 130 Lebanese prisoners, mostly Christians, many of whom had been detained in Syrian prisons since the 1975-90 civil war in Lebanon.

Israel Tries to Stifle U.S. Plan for Peace**Netanyahu Unhappy With Proposal**By Steven Erlanger
New York Times Service

WASHINGTON — Prime Minister Benjamin Netanyahu has begun an intense campaign, deploying Israeli officials and lobbyists to prevent the Clinton administration from announcing a specific proposal for reviving peace talks with the Palestinians.

The Americans, in negotiations with both sides, have been refining their proposal for an Israeli withdrawal from the West Bank in parallel with Palestinian moves against terrorism. But the Israelis are unhappy with the size of the withdrawal suggested and with the reluctance of the Palestinians to move against radical groups.

The Israelis especially do not want the Americans to disclose their proposal before a compromise can be reached, saying public diplomacy will put unfair pressure on Mr. Netanyahu to accede on security issues.

Israeli officials, including the government's spokesman, David Bar-Ilan, are running around Washington seeing reporters, columnists and legislators like Senators Sam Brownback of Kansas and Jesse Helms of North Carolina, both Republicans.

And Mr. Netanyahu is enlisting American Jewish leaders to help stave off a plan that senior American officials swear is neither imminent nor inevitable. White House officials told Uzi Arad, Mr. Netanyahu's national security adviser, on Wednesday that there would be "no surprises" in the peace talks.

A senior administration official said later, "Public mediation usually fails."

But he said that if the stagnation continues, there is a "logical progression" that would involve "getting them to accept our reasonable proposals."

That is best accomplished with private diplomacy, the official said, although the idea of a speech by Secretary of State Madeleine Albright or by President Bill Clinton laying out the proposal has been discussed.

Israeli officials said they were concerned that Yasser Arafat, the Palestinian leader, was trying to block progress in order to push the Americans to intervene more forcefully.

Since Mr. Netanyahu knows Washington has made no decision to announce its proposal, some American officials say he is trying to limit the size of the American role itself by focusing his big guns now on a minor issue: a public announcement.

But those guns are blazing, and the White House has heard them.

On Monday night, at a dinner in Israel for the Conference of Presidents of Major Jewish Organizations, Mr. Netanyahu attacked the idea of American pressure on Israel. "Only the people of Israel can determine what their security needs are," he said; "and no third parties can impose what it should have as its security needs."

Howard Kahr, executive director of the American Israel Public Affairs Committee, said: "We believe that a strategy of pressure will be counterproductive for the peace process, leading the Palestinians to look to the United States rather than Israel as their negotiating partner."

Not everyone agrees. Jonathan Jacoby, executive director of Israel Policy Forum, said: "This fear is unjustified. The administration is proposing, not imposing."

The outlines of the American proposal, which have in fact been leaked to news organizations, include an Israeli withdrawal from 13.1 percent of the West Bank areas that it controls, in return for parallel Palestinian acts to fight terrorism. At the end of the withdrawal, which would be in three stages over three months, both parties would begin talks on a permanent peace agreement, and Israel would agree to halt expansion of Jewish settlements.

THE WORLD IS MOVING AT 65-520 MPH. KEEP UP.

World News on CNN International.

Every hour, on the hour.

30 minutes of up-to-the-minute news from around the world.

If you want to keep up, keep watching.

CNN
INTERNATIONAL

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Wrong Move for NATO

NATO expansion received a strong endorsement this week from the Senate Foreign Relations Committee, but the most interesting thing about the Senate's handling of this issue is the ambivalence so many members express. Rarely has such an important matter seemed headed for approval with so little enthusiasm or attention. That should indicate that something is amiss. The United States ought not to take such a fateful step without a compelling justification and fervent conviction.

Serious doubts about the financial cost of enlargement remain, even among expansion supporters. There is considerable concern about the long-term effect on Russia of advancing NATO eastward. Some senators understandably resent White House pressure to approve the admission of Poland, Hungary and the Czech Republic because President Bill Clinton has committed Washington to the plan and Senate rejection now would undermine America's international leadership.

The clearest sign of ambivalence is a proposal by a Republican, John Warner of Virginia, and the Democrat Daniel Patrick Moynihan of New York to freeze expansion for three years after the first round of growth. The amendment is a well-intentioned but inadequate way of dealing with the fear that once begun, eastward expansion will be difficult to stop until it reaches the Russian border, a prospect that worries many senators.

almost as much as it does the Russians.

A freeze offers the illusion that NATO expansion can be stopped after the admission of Poland, Hungary and the Czech Republic, and that their membership alone will not produce a divisive new line across Europe. Neither assumption is true. Expansion will create a new East-West divide, and that in turn will produce great pressure for further expansion as excluded countries press to join the elite NATO club. Romania and Slovenia have all but been promised admission already.

To bring the NATO military alliance to Russia's doorstep is clearly to invite a resumption of chilled relations with Moscow and even to turn away from democracy in Russia. To stop short of the Russian border somewhere in Central Europe is to create two Europe, one democratic, prosperous and defended by American might, the other politically adrift, economically disadvantaged and militarily insecure.

It would be far better, as Mr. Moynihan proposes, to put off NATO expansion altogether and to let the European Union take the lead in unifying Europe through economic cooperation. Those senators ready to support NATO expansion should understand the political and financial price. Those who are uncertain should not vote for expansion in the expectation that it can be contained.

—THE NEW YORK TIMES.

Starr's Chamber

In the six weeks since the Monica Lewinsky scandal broke, the president's aides have been frantically launching diversionary flares to shift the public's attention from Bill Clinton's conduct. Most of these flares have sought to illuminate the flaws — real and imagined — of the independent counsel Kenneth Starr.

As White House spokesmen have shrouded Mr. Clinton's own behavior in the most general — and least informative — denials, they have issued shrill denunciations of everything from Mr. Starr's budget, to his party affiliation, to his other legal work. It is all an effort to portray the most powerful man in the world — a man who refuses to tell his own side of the story — as a victim, and it would be merely silly were it not working so well.

Of course, the independent counsel has, in part, himself to thank for its success. When the White House stuck out its foot last week, he seemed only too eager to trip over it — hauling Sidney Blumenthal before his grand jury to answer questions about the White House's efforts to smear him and his staff. It was a move that lent credence to all the portrayals of Mr. Starr as an overzealous prosecutor with an ax to grind against the president. It was the kind of favor that only an enemy could have done for Mr. Clinton.

But after a spectacularly bad week in which he seemed to us, as to others, to have stumbled into the hands of his critics, Mr. Starr appears to be back on track. Instead of investigating who in the White House may or may not have been digging up and peddling stories meant to discredit him, his staff and their joint effort, he has returned to the basic question of whether President Clinton lied and, either directly or through aides and associates, encouraged others to lie in the Monica Lewinsky case.

In the midst of all this distraction it is worth remembering what this investigation is supposedly about and why it remains important. The investigation

—THE WASHINGTON POST

A Goofy Dome

Last week Prime Minister Tony Blair of Britain unveiled plans for some of the contents of the \$1.24 billion Millennium Dome, now being built on the site of an abandoned gas plant in East London.

The Dome, designed by Richard Rogers, one of the architects of the Pompidou Center in Paris, is no more inane than most architectural behemoths. But the true goofiness of this project was not apparent until last week.

The Dome will contain 13 zones, among them the Spirit Level, where visitors will experience, in the planners' words, "a moment of peace and reflect on our deepest common beliefs." There will be a zone called the Learning Curve, exhibiting classrooms of the future; a Living Island intended to resemble a British seaside resort, as well as zones with contents still unspecified, called Transaction, Shared Ground, the

—THE NEW YORK TIMES.

Herald Tribune

ESTABLISHED 1887

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen of the Board

KATHARINE P. DARROW, Vice Chairman

PETER C. GOLDMARK JR., Chairman and Chief Executive Officer
RICHARD WOOLDRIDGE, President and Chief Operating Officer

MICHAEL GETLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors • SAMUEL ABT and
CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor

• RENÉ BONDY, Senior Vice President and Chief Financial Officer
• DIDIER BRUN, Circulation Director

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41 43 93 00. Fax: Subscriptions, (1) 41 43 92 12. News, (1) 41 43 93 38.
Internet address: <http://www.ihb.com>

Editor for Asia: Michael R. Johnson, 5 Canterbury Rd, Singapore 199007 Tel: (65) 472-7766. Fax: (65) 274-2324
Mng. Dir. Asia: Terry Damer, 50 Gloucester Rd, Hong Kong. Tel: 352-302-1188 Fax: 352-302-1190
Gen. Mgr. Germany: T. Schäfer, Friedrichstr. 15, 00122 Berlin. Tel: +49 30 97150-520
Frts. U.S.: Ann Blithman, 850 Third Ave., New York, NY 10022. Tel: (212) 753-3800. Fax: (212) 753-3785
U.K. Advertising Office: 63 Long Acre, London WC2. Tel: (171) 830-4802. Fax: (171) 240-1154
S.A.S. (a division of) 1200000 F. RCS Nantette B 73202116. Commission Partiture No. 61357
© 1998, International Herald Tribune. All rights reserved. ISSN 0294-3052

Moving to the Middle: 'Neo-Progs' Seize the Day

By E. J. Dionne Jr.

WASHINGTON — We live in a time when socialists say they're pro-business, when liberals say they're tough on crime and when faithful friends of the welfare state say they're for work and "personal responsibility."

A change is sweeping the world's democratic countries, and President Bill Clinton, for all his current troubles, can claim a big role in nurturing it. You could call it a lot of things: the movement of the left toward the center, the modernization of old ideologies, the creation of a new political position. Whatever it is, Mr. Clinton embodies it and Prime Minister Tony Blair of Britain flaunts it.

The latest victory of the new dispensation was secured this week in Germany when the Social Democratic Party, the country's venerable party of the left, named Gerhard Schroeder to lead it in this fall's elections.

Who is Mr. Schroeder? Josef Joffe, the editorial page editor of the German daily *Süddeutsche Zeitung*, describes him as "the little brother of Bill Clinton and Tony Blair — only perhaps more ruthless and flexible than either."

Mr. Schroeder hopes to oust Chan-

cellor Helmut Kohl, a Christian Democrat who is the West's most durable political figure.

He has survived in power for 16 years, four years longer than Franklin Roosevelt, a 67-year-old come-back kid.

But Mr. Schroeder presents Mr. Kohl with a problem: As Mr. Joffe puts it in a timely new report from the American Institute for Contemporary German Studies, Mr. Schroeder is "a centrist without the impotence of the center currently in power."

Mr. Schroeder seems safe and new at the same time. So Mr. Kohl will try to make him look unsafe by arguing that Mr. Schroeder would have to govern in coalition with the left-of-center Green Party.

Mr. Clinton, Mr. Blair and Mr. Schroeder revel in being on the high wire, balancing everything against everything else.

Mr. Clinton attacked the "brain drain" and says big government is dead while offering lots of small government. Mr.

Blair's signature statement: He is "tough on crime and tough on the causes of crime." Mr. Schroeder says he is for "social justice" (meaning that he will save the large German welfare state) and is also for the "modernization of the economy, the society and the state" (meaning that he will change the large German welfare state).

A Virginia politician named Bill Battle coined their slogan a couple of decades ago when he ran for governor, declaring: "Neither left nor right, but forward."

All three politicians come from parties with ties to ideas associated with the left. Call them neo-progressives, or neo-progs for short. How you view them depends on how you view their ultimate purpose.

Some see the neo-progs as adjusting the left to the triumph of capitalism. Their critics on the left thus call them sellouts who dress up market ideas in the nice clothing of social justice talk.

Others see them as trying to preserve the core commitments of the left in new times. Their critics on the right label them opportunists who dress up the welfare state in dynamic-sounding chancery about markets and competition.

But with these guys there is always a third way: Both sides are right. Like it or not, parties of the left have to adjust to global capitalism. Whatever their rhetoric, they have always governed as if they accepted free markets. But they do not accept unregulated, uncontrolled markets. They do not think that those who lose out from economic change should be left without cash, health care or a second chance.

The fuzziness of neo-prog talk owes to their "a little of this, a little of that" politics. Government is important but must be reinvented; helping the poor is good but not in the way we used to do it. Markets are great but need to be managed and, sometimes, constrained.

The neo-progs are winning because, for the moment, they are closer to the public pulse than either the most establishment free-market politicians or what remains of the old left. What their foes see as opportunism the voters see as common sense. That bet paid off for Mr. Clinton and Mr. Blair, and Mr. Schroeder — who promises "a social consensus ... anchored in the middle" — is putting all his money in the center of the table.

Washington Post Writers Group

Pay Attention to Okinawans and Close the U.S. Bases

By Patrick Smith

NORFOLK, Connecticut — Out of sight, out of mind. For Okinawa, that has been the rule for 50 years, during much of which the poor, remote prefecture has reluctantly been host to most of the U.S. military forces in Japan.

Two things are different now. Okinawa's opposition to the U.S. presence has been measured at the polls — and has turned out to be nearly universal.

That leads to the second point, recently brought into sharp focus: The United States is embarrassingly dependent on Japan's weak, corrupted democracy in keeping its 42 Okinawa bases open.

These are reason enough to begin the painful removal of U.S. forces. Instead, Washington and Tokyo seem to be engaged in a dance of deception that no government claiming to enjoy the consent of its governed could justify.

Two years ago, after U.S. soldiers raped an Okinawan child, Washington and Tokyo made modest plans to move some facilities, chiefly Futenma Air

Station, and to return land to its Japanese owners. Because the United States wanted to replace Futenma, negotiators proposed a floating heliport near the coastal town of Nago.

The heliport idea was a born loser. Cost estimates run to \$4 billion — this for an ecologically disastrous contraption that would probably prove unsafe during the typhoon season.

Even some U.S. Marines, who would use the thing, question its practicality.

In any case, the heliport idea has done little to assuage the anger the rape case aroused. In a prefecture-wide referendum on the U.S. bases held just over a year ago, Okinawans came out 9 to 1 against them.

That was the first of three polls that together suggest Okinawa is now a problem that will be resolved only when Washington starts folding its tents.

Last December, Nago held a referendum of its own on the heliport to be floated off its shores. By most accounts, the official vote-buying one expects

in Japanese elections was rampant: Tokyo even threatened to withhold essential aid unless Nago accepted the airstrip. Voters rejected it nonetheless.

Nago's mayor quickly fell on his sword: He declared that Nago would accept the heliport anyway and then resigned.

Nago recently replaced its mayor. Tokyo's candidate won by 1,000 votes of 31,000 cast. Economic intimidation seemed to have taken its toll.

But now the election has exploded in Tokyo's face. Tateo Kishimoto, the new mayor, turns out to be a "one tsubo landlord," meaning he is one of 3,000 Okinawans who have bought plots the size of two ratatami mats so that they can join protesting landowners.

Mr. Kishimoto quickly declined to advance the heliport and supports Governor Masahide Ota's refusal to act against the wishes of most Okinawans.

At this point, Washington, Tokyo and the Okinawans are back at square one. And it looks as if that is where defense of

longer have a mission. North Koreans are starving with heavily reinforced U.S. troops at their southern border. From Beijing, Okinawa's Marines look more provocative than defensive.

The simple truth is that maintaining elements of an outdated strategy does not instill confidence among friends. Fresh thinking does.

It is difficult to see how any one involved in the Okinawa charade, apart from its victims, can claim to practice democracy (to say nothing of playing a role as its global defender). Take it as it is a matter of principle or policy: Either way, the U.S. position is untrue.

Washington is gambling too much in a relationship that inevitably faces change. Drag the bases issue on long enough and the Japanese may demand more than just the removal of U.S. soldiers.

Washington is gambling too much in a relationship that inevitably faces change. Drag the bases issue on long enough and the Japanese may demand more than just the removal of U.S. soldiers.

The writer won this year's Kiriyama Book Prize for "Japan: A Reinterpretation." He contributed this comment to the International Herald Tribune.

For Europe's Jobless, Self-Employment Might Work

By Flora Lewis

PARIS — Muhammad Yunus — us — the Bangladeshi professor who, 21 years ago, launched an effective worldwide movement to reduce poverty by handing out \$27 in loans — has a certain disdain for the way industrial states, especially those in Europe, are dealing with their chronic massive unemployment.

"The world has forgotten the human tradition of self-employment," he says. "When people lived in caves they went out to help themselves. There was no state to ask for help."

His Grameen Bank, now copied by 458 programs serving nearly 15 million borrowers on all continents, is deliberately aimed at helping the very poorest climb onto the economic ladder. The thesis is microcredit: very small loans to

people who have nothing to start with but who want to help themselves.

It has proved self-sustaining. They pay back at the rate of 98 percent, which any commercial banker would envy, and go on to from there.

There has been little effort to adapt the idea to the very different circumstances in industrial countries, where the answer to unemployment has become benefits until jobs are created. But it is an idea well suited to changing modern economies, as well as to the fight against endemic poverty.

The notion of jobs, after all, is a direct consequence of the Industrial Revolution. People have always labored, but it was not until production began to be

needed to bring broad-scale results in industrial countries.

One would be the provision of advice on how to do business, set prices and so on. The U.S. Small Business Administration gives some successful examples, but a big new bureaucracy is not necessary.

With earlier retirements and longer life spans, there are many people who would be glad to volunteer as a kind of commercial godparent to the would-be self-employed.

Mr. Yunus thinks the beneficiaries should pay for the advice, even a tiny amount, so that they will.

The second requirement would be an important reform of the huge jumble of regulations, licenses, permits and so on that countries impose on new small businesses.

It is worth serious consideration. France is an example of a country where growth has resumed, with good economic indicators, but where job offers have not. Unemployment remains stuck at more than 12 percent.

The distress has brought a new kind of confrontation. The unemployed have organized to demand more benefits, in effect seeking recognition of their plight as a new kind of social petition.

It is a striking contrast with the slogan of the 1848 revolution, recalled now on the 150th anniversary of the founding of

France's short-lived Second Republic. The demand at the barricades then was "the right to work instead of to charity."

The government has promised to provide 150,000 new jobs for unemployed youth and proclaims that its legislation to impose a 35-hour workweek will lead to a large number of new hires. The response has been highly skeptical. Meanwhile, it is not doing anything to encourage self-employment.

Of course, there exists a category of self-employment on a large scale in many countries, the black market.

"It should be called the golden market," says Mr. Yunus. Governments do not like it because it escapes taxes and regulation. He suggests that under a certain maximum, self-employed people who do not hire others should be freed from taxes. It would cost less than paying unemployment benefits and supporting make-work.

Microcredit has proved its worth among the poorest. It should be given a chance to break the unemployment impasse in countries obliged to shift to postindustrial economic structures. The capacity to do useful work is there. That is not necessarily synonymous with having a job. The alternative is self-employment, and this form of credit is needed to make that possible for a lot more people.

Flora Lewis

IN OUR PAGES: 100, 75

OPINION/LETTERS

As Murdoch Courts China, Conservatives Keep Mum

By Frank Rich

NEW YORK — Remember the biased "mainstream media" that would stop at nothing to protect the Clinton White House? Funny how you don't hear about that anymore. If there's one certain casualty of Monicagate so far, it's the notion that the likes of Newsweek, The Washington Post, The New York Times and the big three television networks will suppress news out of loyalty to a supposed liberal comrade.

This was always a canard. It's conservative media that most often do bidding for their ideological own. The most unabashed partisan figure among media magnates is hardly Katharine Graham or Michael Eisner — it's that naturalized American citizen, Rupert Murdoch.

Citizen Murdoch not only uses his empire to promote his allies and punish his enemies (from Bill Clinton to Ted Turner); he goes so far as to put politicians on the payroll. That brilliant author Newt Gingrich was offered a \$4.5 million payday from Murdoch's publishing house, HarperCollins, just as telecommunications matters financially crucial to the mogul's Fox properties were in play on Capitol Hill.

Last week it was revealed by the London newspaper The Daily Telegraph that Mr. Murdoch had again misused HarperCollins, this time in a manner that even his political allies might find offensive. Yet there has been mostly silence from conservative journalists about this scandal — even in American media properties that Mr. Murdoch doesn't own.

What Mr. Murdoch did was to see to it that HarperCollins canceled its scheduled publication in Britain of a memoir by Chris Patten, the last British governor of Hong Kong. The Telegraph uncovered a smoking in-house memo that revealed why: Mr. Patten's son had been to criticize the government of China, whose favor Mr. Murdoch needs if he is to expand his TV and movie deals in the vast market it controls.

This is at least the fourth time that Mr. Murdoch has sold out the principles of an independent press to curry favor with China. He removed BBC World News from his satellite TV broadcasts to China after the Chinese complained of its coverage of dis-

sidents; he had HarperCollins publish a propagandistic biography of Deng Xiaoping by Mr. Deng's daughter while her father was still in power; he invested millions in a joint venture with The People's Daily, China's Communist Party paper.

Mr. Murdoch's latest outrage should horrify anyone who believes in human rights, particularly American conservatives who have spoken out about religious persecution in China. They would cheer Mr. Patten's book. In pages I've seen from the manuscript in progress — to be published in the United States this fall by Random House's Times Books imprint — he eloquently rebukes unnamed Westerners who pursue the "crude and cynical strategy" of "tempering criticism of China's behavior at home or abroad in return for market access."

Mr. Patten further argues that the "sensible management of a developing economy" should have nothing to do with "toruring people, censoring what they can read or write, locking them up without due legal process, hunting opponents into silence or exile, dispersing crowds with bullets." What does it tell us about Rupert Murdoch's journalistic priorities that he would kill Mr. Patten's book at the same moment his Fox News Channel (slogan: "News without bias") hires the cyber-gossip Matt Drudge?

In England, the journalist and historian Timothy Garton Ash has dumped HarperCollins as his publisher; the novelist Doris Lessing, another HarperCollins author, has declared Mr. Murdoch's editorial intervention so shocking she can't find words for it.

In America, let's see how much of this scandal even makes it into Murdoch publications like the New York Post and The Weekly Standard, let alone if any prominent conservatives, whether HarperCollins authors like Robert Bork and Peggy Noonan or not, speak up in protest.

Will those who have accused the "mainstream media" of being in cahoots with a Democratic administration remain silent while their own media patron toadies to the most powerful totalitarian government in the world?

The New York Times.



By KAL in The Sun (Baltimore), IAW Syndicate

LETTERS TO THE EDITOR

Clinton and Lewinsky

Regarding "Keep Law's Long Arm Out of the Bedroom" (Opinion, Feb. 25) by Anthony Lewis:

Certainly Mr. Lewis, a distinguished legal commentator, must recognize that the accusations arising from the Clinton-Lewinsky matter are not issues of sex in the bedroom. In most jurisdictions, the law has moved away from attempting to regulate the activities of consenting adults in the privacy of the bedroom.

The law does, however, govern sexual relationships in the workplace. Paula Jones has claimed that Bill Clinton used his position to negotiate a sexual relationship with her when she was a state employee. So her lawyers have the right to question Mr. Clinton about any sexual relationships in the workplace and to receive truthful answers. Or is Mr. Lewis suggesting that all defendants in a sex harassment suit be permitted to lie in their depositions?

It is unacceptable if Mr. Clinton has lied or attempted to influence others to lie in a federal lawsuit. If he has done so, Kenneth Starr, the independent counsel, is justified in looking into whether there is a pattern of lying that has impeded the Whitewater investigation.

ROBERT EDWARDS.
Singapore.

Three cheers for Anthony Lewis's article! When reporters have the cheek to ask President Clinton whether he has had a sexual relationship with a particular individual, he should simply say, "No comment."

Any such relationship is a matter only for Mr. Clinton and his wife.

JAMES E. WARRING.
Herrliberg, Switzerland.

While I generally concur with Mr. Lewis's theme, I find it interesting that Americans seem to have no particular problem with the notion that the president of the

United States might have had an inappropriate relationship with a 21-year-old White House intern, but find it reprehensible that U.S. Army drill sergeants had relationships with trainees at the Aberdeen base in Maryland.

The applicable theory in the Aberdeen case was that a drill sergeant was in such a position of power that a relationship could not be deemed consensual. Is the power relationship between "the most powerful man in the world" and a young White House intern any different?

Indeed, the same public and news media that recently found General Joseph Ralston an unacceptable candidate for chairman of the Joint Chiefs of Staff because of an affair some 10 years earlier now appears ready to believe that the alleged misconduct by the commander in chief of those same armed forces has no bearing on his fitness for office.

T. C. JONES.
Kronberg, Germany.

The Unbelievable Truth: Making It Believable

By Brett Kline

AUSCHWITZ, Poland — A girl leaned against a wall with gasoline-soaked bodies everywhere, you feel the horror. You don't think about comparing it with other horror."

A trip to Auschwitz is not like any other. The litany of horror and death began with the huge black and white photographs: the babies

MEANWHILE

screaming, the mothers pleading for help, the emaciated men with their striped uniforms. Then came the mountain of shoes and boots and human hair. "It's unbelievable," the teenagers repeated over and over.

Just as Auschwitz is not an ordinary visit, the 200 high school students touring here were not so ordinary themselves. They came from Marselle and three towns nearby, the working-class towns where the mayors and town councilors are from the extreme-right National Front party, headed by the charismatic Jean-Marie Le Pen. The trip was organized by the group SOS Racism, in conjunction with human rights centers and the French education and transportation ministries.

The occasion was the 53d anniversary of the liberation of the camp by the Red Army. Several camp survivors, now in their early 70s, came to tell their stories. They worked very hard to show the students that the truth may be unbelievable, but it is the truth.

As he looked around a gas chamber, one of the students, a 17-year-old Algerian named Nouredine, who had recently moved to France, said he knew this was believable.

Did he know that the vast majority of those killed at Auschwitz were Jews? he was asked. Yes, he had learned that. Why? He had learned that Hitler did not like Jews. Why? He shrugged. He really didn't understand the politics, nor the long history of anti-Semitism in Europe.

Horror and death are happening in my country, too, he said. But did he know that the Nazis had killed 6 million Jews for no political or military reason, and that horror is unparalleled?

Nouredine smiled for a split second. "I respect that fully," he said. "But I'm telling you, when

you're standing in a marketplace with gasoline-soaked bodies everywhere, you feel the horror. You don't think about comparing it with other horror."

Perhaps, to believe and understand and visualize one people's horror, a person must live through his own.

Then the students walked in the Birkenau camp, on the frozen ground next to the railroad track leading to the selection ramp, under the red-brick archway in all the famous photos. No, it was too cold.

One of the survivors showed the students how the prisoners had slept in the wooden barracks. He cracked jokes, explaining that a sense of humor was the only way he had of dealing with the memories. Will the students remember all this? he was asked. Even if this changes the lives of only a couple of students, this is worth it, he said.

He is right, and SOS Racism is right to bring students like these to Auschwitz. After this visit, will more of them follow the trial of Maurice Papon, the Vichy official accused of directing the deportations of more than 1,500 Jews to Auschwitz? Will the students pay more attention to the success of Mr. Le Pen?

I don't know, but education is the answer, education at any expense. Every high school student in the world should visit Auschwitz. Of course, this would cost a fortune, and would be a worthy global project for the United Nations and the World Bank. The profits would be incalculable.

SOS Racism had received requests from one of participating schools to include on this trip several youngsters from activist National Front families. Fearing violence, SOS Racism refused.

This was a mistake. Two or three National Front youngsters should have come along, so that the next time Jean-Marie Le Pen says that the gas chambers were just a minor detail in World War II, they could report back to their parents that he is wrong.

We have seen the horror, they would tell them. It would be worth the risk to tell the truth.

The writer, a journalist in Paris, contributed this comment to the International Herald Tribune.

BOOKS

SERIAL KILLERS: Death and Life in America's Wound Culture

By Mark Seltzer. 302 pages. Paperback. \$18.99. Routledge.

OF MEN AND MONSTERS: Jeffrey Dahmer and the Construction of the Serial Killer

By Richard Tithcott. 192 pages. \$24.95. Wisconsin.

Reviewed by Chris Bull

BESIDES the president and the Pope, one of the few people whom a majority of Americans can identify consistently in surveys is Jeffrey Dahmer, whose 17 sensational murders of men and boys made him a household name. Mark Seltzer and Richard Tithcott, the authors of illuminating new books that seek to make sense of the uniquely modern phenomenon of serial killers, contend that the public's dark obsession with Dahmer and other killers actually says more about the society in which we live than about the killers themselves. Dahmer, writes Tithcott in "Of Men and Monsters," has become the "archetypal figure of impurity, the representative of a world which needs cleansing."

For Seltzer, a professor of English at Cornell, the serial killer of the popular imagination is the product of the "machine culture," the relationship between graphic violence and the "technologies of registration, recording, and reproduction," which feeds the "wound culture," a public fascinated with murder and mayhem. Drawing with equal dexterity on sources ranging from the gay pulp novelist Dennis Cooper to the French philosopher Michel Foucault, Tithcott argues that Americans' fascination with serial killers can serve to "explain how and why our society is put together the way it is, to illustrate its preoccupations, anxieties, and fantasies." He explains that the prominence of serial killers like Dahmer can justify the "dominance of the police mentality" and contribute to a dangerous increase in the "powers of law enforcement — specifically, the

less series of torn and opened bodies and an endless series of emotionally torn and exposed bio-technicians." This culture elevates private suffering to public spectacle, in which "serial killing finds its place." In one particularly insightful passage, Seltzer demonstrates the symbiotic relationship between former FBI "trinhunters" John Douglas and Robert Ressler and the crime novelist Thomas Harris, the author of "The Silence of the Lambs," who, according to Douglas, got the idea for the book while attending FBI seminars. "The distinctions between fact and fiction and between bodies and information vanish," Seltzer writes.

Seltzer traces the origin of serial killing culture — marred occasionally by journalistic, deconstructionist prose — is scathing. But by focusing so heavily on the culture at the expense of the individual, he risks obscuring the killer's personal responsibility for such reprehensible acts. For his part, Tithcott also the co-editor of "My Secret Life: An Erotic Diary of Victorian London," is adept at shifting between postmodern and other equally magnifying lenses.

Drawing on the writings of the French philosopher Michel Foucault, Tithcott argues that Americans' fascination with serial killers can serve to "explain how and why our society is put together the way it is, to illustrate its preoccupations, anxieties, and fantasies." He explains that the prominence of serial killers like Dahmer can justify the "dominance of the police mentality" and contribute to a dangerous increase in the "powers of law enforcement — specifically, the

FBI." Passionately deconstructing the homophbic motive in much of the media's description of same-sex killers, he writes: "The representation of Dahmer connects the idea of savagery with that of homosexuality as a means of defining heterosexual culture against Jeffrey Dahmer, homosexual."

Tithcott takes aim at the unsettling disparity of attention between murderer and murdered. "In portraying the serial killer in superhuman terms while objectifying his victims, we construct our own dehumanizing, pornographic fantasy," he writes. "And when we judge the victims of violence as they tell their stories on television, when we identify the 'faults' in their behavior or their lifestyles which we perceive as leading to their victimization, we are part of the process of the victimization."

By focusing so intensely — and hurriedly — on serial killers and their culture, however, the authors risk contributing to the very preoccupation they condemn. Transfixed by the public's obsession with infamous killers, they may have created yet another outlet for it, albeit a sophisticated one. Though it would have required research that might have taken the authors beyond the scope of their inquiries, they might have said more about the hundreds of victims — and survivors — of serial killers whom they mention briefly, if at all.

Readers never even learn the names of most victims, let alone their stories, while killers like Dahmer and Ted Bundy are analyzed to within an inch of their lives. We may gain insight into modern society through its view of serial killers, yet we cannot understand and ultimately prevent serial killers without scrutinizing their victims. Looking at how the victims lived and died cures the romanticization of killers and leads to an empathy for the horror they inflict on victims and on the communities from which they are drawn. If forensic psychology has yielded no other foolproof insight, it is that victims' profiles tend to reflect the perpetrator.

Washington Post Service

BRIDGE

By Alan Truscott

THERE were opportunities for both sides on the diagramed deal from the World Women's Team Championship last year. At some tables in a qualifying round match between Britain and one of the United States teams, three no-trump was reached after East had made a key-captive opening.

After the diagramed auction, the declarer was Nicola Smith of Britain, who has long been one of the world's best female players and has won two world titles. The

opening spade lead was ducked around to her king, and she made a good play by leading the heart jack and winning with dummy's king. She then ran the club 10, losing to the jack.

West for the United States was Irina Levitina, and she made a fine play by shifting to the diamond nine, but it was too late. This ran to the jack, and the defense was poised to score four diamond tricks.

But they had no opportunity. South cashed the heart queen, revealing the bad split, and took the marked finesse of the heart nine. She cashed the last heart in dummy and

led the club nine for a winning finesse to make an overtrick. In the replay the American declarer led the ace of clubs at the second trick. If she had guessed to follow with the queen she would have succeeded, but she led a low club next. The British West, Liz McGowan, won with the jack and made the same fine play of the diamond nine, losing to the jack.

Now her partner, Heather Dhondy, was able to win the next club lead and lead to pin diamond queen to dummy's ten. The result was 3-4 down two for a British gain of 3 N.T. West led the spade 10.

North (D)
♦ Q 14 2
▼ A 9 5
♦ 10 6
♦ 10 9 2

WEST
♦ 10 7 6 4 2
▼ A 9 8 5 2
♦ J 8

EAST
♦ A 9 8 7 6 5
▼ 8
♦ Q 7 3
♦ K 7 3

SOUTH
♦ K 3
▼ Q 3
♦ K 3 4
♦ A Q 6 5 4

East and West were vulnerable
The bidding:
North East South West
Pass Pass 2 N.T. Pass
Pass Pass Pass
Pass Pass

Moving to a new country changed your life. Are you making the most of it?

International Conference • Paris • March 27 - 29

If you have relocated to another country, there is an exciting conference called Women on the Move (WOTM) that is designed for you. This conference will address many of the issues of living in a foreign country — be it short or long term.

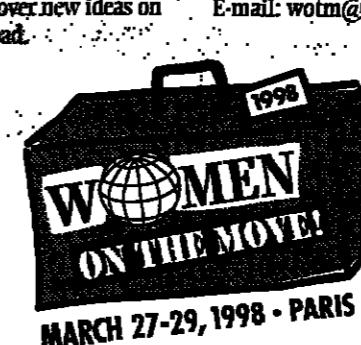
Women on the Move '98 topics will include:

- Cultural Adaptation
- Portable Careers
- Family and Education Issues
- Dual Career Solutions
- Technology Tips for "People on the Move."

Mobile specialists and outstanding expatriates from all over the world will help you discover new ideas on how to make the most of living abroad.

A special series of workshops is also being offered within the conference for organizations employing expatriates as well as those managing their transitions. Conference fee includes your choice of over 25 workshops plus keynote sessions, two luncheons, a champagne reception, a networking tea, coffees and more. Group rates are available.

For more information, contact WOTM:
Phone: +33(1) 45.66.44.37
Fax: +33(1) 45.66.45.37 or +33(1) 40.65.96.53
Website: <http://www.wice.org/wotm.html>
E-mail: wotm@wif.fr



Don't miss this exciting event, it could change your "life on the move" forever.

This conference is hosted by WICE, a non-profit educational and cultural organization

IBM is the Gold Sponsor of WOTM. Other sponsors include: TransEuro Worldwide Movers, HSD Ernst and Young, The International Herald Tribune, Cendant IAS/Cendant Intercultural, 3M, Executive Relocations, Grosvenor International, Corporate Relocations

THE KIDS COLUMN

A Short Course in the Circus

By Barbara Rosen

LONDON — It's hard to put into words the look of gleeful triumph on your 4-year-old's face when she balances for the first time atop a 28-inch (70-centimeter) ball, or walks the length of a tightrope.

My daughter and I went to circus school.

On weekends, Albert & Friends brings everything from miniature unicycles to 12-inch stilts and a low-wire right into the main sanctuary of an imposing church in Hammersmith. The two Saturday morning drop-in sessions, open to children from 15 months to 6 years and from 7 to 18, cost £4.50 (\$7.40) and £5.50, respectively; they also offer after-school and vacation-time courses.

"We're unique in that we take them as soon as they can walk," says Albert (real name Ian Scott Owens, 51), a burly, bearded man with a ponytail and a great deal of patience. "The stuff's here to play with. That's what it's all about."

As classical music reaches the rafters, Albert and two cohorts wander among mats, stacks of hoops, sacks of Chinese flower sticks and bean bags for juggling, and assorted unicycles and stilts. Periodically they demonstrate, then offer a hand when a child (or parent) shows interest. They also make coffee and hand out cookies. At one point Albert organizes the 20 or so kids present into games with a parachute, including pulling the whole group around on the polished wood floor.

Nothing is off limits, he explains as my daughter starts to play baseball with a juggling pin, except throwing

things at other kids and ascending the steps to the altar. "If they won't enjoy then they won't do," he says. "We spend half our time teaching children how to play."

It's remarkably peaceful for a playground, not to mention a circus. A seated and sliding 8-month-old delightedly pushes around a "rolling globe" at least four times her size. A 7-year-old tries unicycling between the church seats. A 6-year-old boy gets used to the 12-inch stilts by embracing and circling a giant pillar, while an accomplished 11-year-old jumps rope on the 18-inchers. Truly committed kids can join the Albert & Friends



Instant Circus, which performs around the world.

Albert & Friends is just one of a variety of groups offering children an introduction to the circus arts. In Paris's 19th arrondissement, the Ecole Nationale du Cirque has children's courses on Wednesday and Saturday afternoons for 8-year-olds and up. (Older children can attend the related, full-time Lycee Professionnel Prive Fratellini.) In Belgium, l'Ecole de Cirque de Bruxelles offers introductory courses from 3 1/2 years, and more technical circus arts from 6.

Scratch the surface and you can quickly get inundated with lists of "circus schools" almost anywhere.

But it's wise to be wary when choosing

things. "Anybody could go and buy three juggling balls . . . and create absolute havoc," warns Steve Ward, founder and secretary of the National Association of Youth Circus, an organization based in Leeds with a mission to develop the circus arts for, and by young people."

The NAYC's member groups (103 in Britain, Ireland, continental Europe, Australia and the United States) agree to abide by a code of practice that recommends, for example, having at least two spotters for stilt-walking.

"Circus is potentially dangerous," says Ward, a teacher of creative arts full-time, and clowning and juggling in his spare time. "And if [the activities] are not done in a controlled way and a careful way, they can lead to accidents."

Among the things parents should look for, says Ward, are a well-organized space, constructive and organized activities, and equipment that's kept in good shape. And even if parents aren't asked to stay, he says, "I think it's a good idea to stick around for the first one or two" sessions.

On that Saturday morning in Hammersmith, moms and dads held small hands on the low-wire, held hoops for tumblers to dive through, and held up their stilt-walking offspring. In between, they drank coffee and tried to remember how to hula-hoop. As kid after kid, including my own, happily conquered circus arts from spinning plates on a stick to shuffling along atop the rolling globe, I kept dropping bean bags — and was only trying to juggle with two. Rhythm, Albert told me, it's all a question of rhythm. That may be. But it certainly isn't all child's play.

Barbara Rosen is a free-lance journalist based in London.

ARTS GUIDE

AUSTRIA

VIENNA
Kunsthistorisches Museum, tel: (1) 5325-24-403, closed Mondays. Continuing/ To April 14: "Bruegel: Tradition und Forschung." 12 paintings by Pieter Bruegel the Elder and 20 works on paper and 200 paintings by his two sons.

BELGIUM

BRUSSELS
Musée d'Art Ancien, tel: (2) 508-32-11, closed Mondays. To June 28: "René Magritte." More than 200 paintings, gouaches, drawings and objects by the Belgian Surrealist artist (1898-1967). The paintings depict a mysterious world born from the unexpected juxtaposition of ordinary elements.

BRITAIN

London
Hayward Gallery, tel: (171) 923-3144, open daily. Continuing/ To April 5: "Francis Bacon: The Human Body." Brings together paintings from 1945 to the mid-1980s that focus on the human figure, Bacon's central subject. Tate Gallery, tel: (171) 887-8000, open daily. Continuing/ To May 17: "Bonnard." Nearly 100 landscapes, still lifes, interiors, the celebrated bathroom pictures and self-portraits by the French painter (1867-1947). Also, to June 21: "Turner and the Scientists: An Artist in Two Cultures." Explores the nature of Turner's relationship with scientists and architects of the early 19th century, and reveals the impact of scientific ideas on the British painter's art.

CANADA

TORONTO
Art Gallery of Ontario, tel: (416) 977-0414, closed Mondays and Tuesdays, to May 3: "The Warhol Look: Glamour Style Fashion." How style and fashion mingled with fine art and film through Warhol's life and work. The selection of works also includes paintings, clothing, photographs and works by other artists and designers.

DENMARK

COPENHAGEN
Nationalmuseet, tel: 45-33-61-44-11, closed Mondays. To May 21: "Art and Magic: A Journey Among Eskimo Masterpieces." Small figures, carvings and tools decorated or showing naturalistic representations of the Arctic animal world.

FINLAND

HAZELWOOD
The Museum of Foreign Art, Sheibychoff, tel: (0) 17-33-61, closed Tuesdays. To May 31: "Luxury: Gold and Jewellery of Pompeii." Approximately 150 artifacts, pendants, rings and bracelets excavated at Pompeii, the opulent Italian port that was buried under ashes and cinders after the eruption of Mt. Vesuvius in 79 A.D.

FRANCE

GRANDEUR
Musée de Grenoble, tel: 04-76-63-44-44, closed Tuesdays. To June 1: "Le Sentiment de la Montagne." Covering 150 years of painting up to the early 20th century, the exhibition of 200 works features French and Americans by Joseph Vernet, Paulin, David, Friedrich, Magnier and Schwitters, among others.

PARIS
Bibliothèque Nationale de France-Troisier, tel: 01-53-79-55-55, closed Mondays. Continuing/ To May 17: "L'Aventure des Ecritures." Birth and development of writing from cuneiform to Chinese hieroglyphs and Arab calligraphy, to modern letters.

STUTTGART
Musée d'Art Moderne de la Ville de Paris, tel: 01-53-67-40-00, closed Mondays. Continuing/ To May 17: "Lumière du Monde, Lumière du Ciel." A survey of 20th-century art in Scandinavia, including the works of 20 young con-



Loan from Russia: Bernini's terra-cotta, in Chicago.

temporary artists. Features 60 paintings by Edward Munch, paintings and photographs by August Strindberg, and drawings by Carl Fredrik Hill.

MUSEE DES ARTS DECORATIFS, tel: 01-44-55-57-50, closed Mondays. To May 17: "Art des Pays des Dromes." A collection of 150 Chinese cloisonné enamels, designed for temples or the imperial court that documents their evolution and the form from the Mings to the Qing dynasty.

MUSEE D'ORSAY, tel: 01-40-49-48-14, closed Mondays. Continuing/ To May 17: "Maurice de la Gare, Saint-Lazare." Focusing around Maurice de la Gare's "Chemin de Fer," the exhibition documents the theme of the Paris quarter in the works of Monet, Caillebotte, Morisot and others.

GERMANY
Kölnerischer Kunstuverein, tel: (221) 217-021, closed Mondays. Continuing/ To April 28: "Arte Povera: Arbeiten und Dokumente aus der Sammlung Goetz von Volpert als Heute." Works by Anselm, Alighiero et Boetti, Cattelan, Luciano Fabro and Kounellis.

NETHERLANDS
ROTTERDAM
Stadsgeleide, tel: (711) 210-4050, closed Mondays. Continuing/ To June 7: "Black on White: Colonials Seen by Africans." Colonies, traditional African figures with a European element, were carved during the colonial era.

NEW YORK
Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. Continuing/ To May 12: "Fernand Léger (1881-1955) chose modernity as his subject, and his ability to capture the epic quality of daily experience earned him the reputation of painter of the 'heroism of modern life.' Also, to May 19: 'Alva Aalto: Between Humanism and Materialism.' Original sketches and competition drawings and models of the architecture of the Finnish architect, town planner and designer (1898-1976). Solomon R. Guggenheim Museum, tel: (212) 423-3840, closed Thursdays and Guggenheim Museum Soho, tel: (212) 423-3840, closed Mondays and Tuesdays. To May 25: 'China: 5,000 Years.' Several hundred artifacts ranging in date from 3000 B.C. to date.

CLOSING SOON

March 8: "Arte Italiana: Ultimi Quarant'anni," Galleria d'Arte Moderna, Bologna.

March 8: "Twelve Centuries of Japanese Art from the Imperial Collections," Arthur M. Sackler Gallery, Washington.

March 8: "Azzedine Alaïa," Groninger Museum, Groningen, Netherlands.

March 9: "Bruce Nauman: Image/Text, 1968-1998," Centre Georges Pompidou, Paris.

March 10: "Le Nu dans l'Œuvre de Félix Vallotton," Fondation Dina Vierny, Musée Maillol, Paris.

PORTUGAL

LISBON
Centro Cultural de Belém, tel: (1) 301-9800, open daily. To May 31: "A Prova de Água." Brings together photographs by Fenton, Moholy-Nagy, Modotti, Cartier-Bresson and Mapplethorpe whose lenses captured water in all its forms.

SPAIN

MADRID
Museo Nacional Centro de Arte Reina Sofia, tel: (1) 41-67-50-82, closed Tuesdays. To April 13: "Eduardo Arroyo." A retrospective of 40 years of work by the Spanish painter (born 1937) that covers his years of exile in France and Italy until Franco's death in 1975, as well as paintings created after he returned to Spain.

SWITZERLAND

LAUSANNE
Fondation de l'Hermitage, tel: (021) 320-50-71, closed Mondays. Continuing/ To June 1: "Pointillisme: Sur les Traces de Seurat." A selection of more than 100 Pointillist paintings and drawings by more than 40 artists including Seurat, Signac, Jan Toorop and Picabia. The works were created between 1882 and 1886.

UNITED STATES

CHICAGO
Art Institute, tel: (312) 443-2800, open daily. To May 3: "Bernini's Terra-cotta from The State Hermitage, St. Petersburg." 35 small terra-cotta by Italian masters of the 17th and early 18th century. The works were bought by a wealthy Venetian prince in the 1750s and the collection was acquired by the czar of Russia in 1800. Also, to May 10: "Baule: African Art/Western Eyes." Focuses on the art of the Baule people of the Ivory Coast with more than 125 masks, statues, fly whisks, jewelry and objects of daily use in wood, gold and other materials.

ITALY

OSAKA
Osaka Municipal Museum of Art, tel: (6) 771-4874. Continuing/ To March 22: "Angkor Wat and 10 Centuries of Khmer Art." From the 6th to the 16th century, Cambodian artists created monumental gods, female dancers and legendary creatures in sandstone. The works embrace both Buddhist and Hindu traditions.

NETHERLANDS

ROTTERDAM
Stadsgeleide, tel: (711) 210-4050, closed Mondays. Continuing/ To June 7: "Black on White: Colonials Seen by Africans." Colonies, traditional African figures with a European element, were carved during the colonial era.

CLOSING SOON

March 8: "Arte Italiana: Ultimi Quarant'anni," Galleria d'Arte Moderna, Bologna.

March 8: "Twelve Centuries of Japanese Art from the Imperial Collections," Arthur M. Sackler Gallery, Washington.

March 8: "Azzedine Alaïa," Groninger Museum, Groningen, Netherlands.

March 9: "Bruce Nauman: Image/Text, 1968-1998," Centre Georges Pompidou, Paris.

March 10: "Le Nu dans l'Œuvre de Félix Vallotton," Fondation Dina Vierny, Musée Maillol, Paris.

MILAN FASHION

Invention vs. Intellectual Angst

By Suzy Menkes

International Herald Tribune

MILAN — Powerful shows from Fendi and Jil Sander, both pushing fabric research to its outer limits brought to life a dull fashion season that had threatened to drown in intellectual angst.

The extraordinary mixes of oxidized fur and lacquered fabrics, feathered pelts and shimmering knits that Karl Lagerfeld sent out for Fendi on Thursday was a tour de force of invention and imagination.

In a different, tranquil way, Sander also forged ahead, showing a collection devoted to cushioning the body in wadded fabrics.

"At this moment I feel like covering myself — being very private," said Sander, to explain the long-line skirts and dresses, shown with flat mules, and the padded fabrics that gave a tightly belted coat an egg-timer silhouette.

Sander's approach is modern because she eradicates the lines between day and night or summer and winter, showing much of the fall line in white and ivory and focusing on fabric for special effects. They included glazed alpaca that gleamed like a rain-soaked antelope and the fluffy-as-cotton knits — things that needed to be stroked or worn to grasp the collection's inventiveness.

In this fashion predicated on interior feel and feelings, the materials had a built-in but unsavory opulence, and Sander's precisely tailored pieces — especially the short linear coats in off-white felted canvas — had a sense of purist luxury. The intriguing surfaces, a graphic grid pattern or the occasional perforation, was the only embellishment, for every fastening was hidden under a fly front or reduced to a hidden hook and eye. Only military tailoring with patch pockets seemed too aggressive for the otherwise tranquil mood.

Sander has a clear vision, a commitment to modernity, and with her concept of cocooning female fragility she reached a kind of fashion Zen. It produced some beautiful pieces. Yet these thoughts have



Christopher Moore/Andrew Thomas

Jil Sander's ankle-length dress.

long since been articulated by Japanese designers — and it is frustrating that the image presented on the runway, however sincere, is far from the reality of what will appear on the store rails.

The camouflage colors — the browns, greens and mallard blues — of the Fendi collection was a neat metaphor for the skill with which Lagerfeld back to dresses cratered with Swiss cheese holes? A few rich velvet coats and the house's signature knits suggested that some good clothes could have been extricated from the show's sober context.

The staging of a fashion show as an art happening is part of the "intellectualization" of what were once straightforward commercial presentations. As soon as you saw the cavernous derelict warehouse at John Bartlett's show, with its stained concrete pillars and guttering white candles, you could have written the screenplay. The American designer created six characters in search of a design meaning: Winter White as the romantic lead, to contrast with the manly, business-like Gray Flannel. Enter, stage left, Black Leather to provide some aggro alongside Camouflage. There was nothing wrong with the collection. In fact, the textures of fluffy knitwear, the proportions of sweaters, mateo pants and Norfolk jackets, the clean cutting and quality fabrics make for good, modern styles. It was just that, like so much in Milan, pretentious presentations in distant venues are an over-elaborate way to offer up mere clothes.

MOVIE GUIDE

DESPERATE MEASURES

Directed by Barbet Schroeder, U.S.

Peter McCabe (Michael Keaton) is an evil killer. Frank Conner (Andy Garcia): San Francisco cop. Frank's son (Joseph Cross): suffering from leukemia, desperate for a transplant. The boy's bone marrow: just like McCabe's. Throw in a noble female surgeon (Marcia Gay Harden) and a lot of hospital mayhem, and you have the formula for "Desperate Measures," a thriller that is unexpectedly fond of formulaic touches. Though this is the work of Barbet Schroeder ("Reversal of Fortune," "Barfly," "Kiss of Death"), who seldom fails on the conventional, "Desperate Measures" is by-the-numbers too much of the time. The film's big stretch, virtually a contortion, is casting Keaton in the role of a hard-boiled baddie. His performance is lean, mean and tough, but the film goes slack whenever he squares off against Garcia, whose own stoniness comes off as just plain flat. These two don't really connect. The final gimmick here is giving Conner a reason to want McCabe kept alive, because the boy can't use the bone marrow if his father's nemesis dies. Thus, Garcia is asked to say: "I'm not a cop anymore. I'm a father." That line alone should have been a tip-off to the filmmakers that "Desperate Measures" was in need of new blood. There's a sturdy performance from Brian Cox as the police captain who tries to keep the mayhem in check.

INTERNATIONAL

Critics Decry Limited French Inquiry Into Role in Rwandan Massacre

By Craig R. Whitney
New York Times Service

PARIS — A decision to hold a limited parliamentary inquiry into how much French military aid and advice to the Hutu-dominated regime in Rwanda during the early 1990s might have contributed to the genocide of 800,000 ethnic Tutsi in 1994 has drawn sharp criticism here for not going far enough.

Legislators of the Communist and Green parties, who help form the parliamentary majority led by the Socialist prime minister, Lionel Jospin, passed resolutions Wednesday demanding a full parliamentary investigation of the French role in Rwanda, with the power to subpoena witnesses and charge

possible wrongdoers with crimes. The Defense Committee of the National Assembly, led by its chairman, former Defense Minister Paul Quiles, decided Tuesday to ask 10 of its members to look into the role French and other foreign forces played in Rwanda as part of a "parliamentary information mission" that may never publish its results.

The human rights group Doctors Without Borders called the committee's move "a diversionary maneuver," and the Communists said France's reputation would be at risk if questions about its role in the tragedy were not cleared up.

Most of the questions concern how much French military advisers who trained and supplied troops of the Hutu-dominated government of President Ju-

venal Habyarimana knew about the plans the Rwandans carried out in 1994 to massacre most of the country's Tutsi.

France sent a military aid mission to the former Belgian colony in 1990 while Mr. Habyarimana was trying to defeat Hutu rebels using Uganda and other neighboring countries as sanctuary.

Belgium had announced it was withdrawing its own forces, and according to critics of France's decision to go in, most of the French motivation was suspicion that Tutsi exiles were being supported by "Anglo-Saxons" — Americans and others — who Paris thought were inimical to French interests in Africa.

The decision was made by President François Mitterrand, a Socialist, and was supported by both Socialist and con-

servative French governments through April 1994, when the massacres began.

Any French responsibility for the tragedy would be shared across most of the political spectrum, a key reason why many legislators are reluctant to launch a full-scale investigation, according to French defense experts.

But public interest rose again this year with the publication of a series of articles in the daily *Le Figaro* by Patrick de Saint-Exupéry that made clear that French aid, advice, and military equipment sales continued even while the Rwandan army was training the militia groups that started hacking Tutsi citizens to death almost immediately after Mr. Habyarimana's plane was shot down, by whom was never clear, on April 6, 1994.

By then Belgian troops were back as the major element in a United Nations force that was supposed to oversee the implementation of a peace agreement.

The UN force had only a limited mandate to intervene, partly because of U.S. concerns about the costs of a broader one, and when the massacres started the Belgian officers commanding it were unable to get Secretary-General Boutros Ghali, his assistant, Kofi Annan, now secretary-general himself, to authorize them to try to stop the killings.

Ten Belgian paratroopers were themselves massacred, and Belgium withdrew from the UN force. But 500 French troops returned in April with the mission of evacuating French citizens through the airport at Kigali.

"The operation was shameful," said Gerard Prunier, a French academic expert on Rwanda whose book, "The Rwanda Crisis: History of a Genocide," was published in London two years ago and here, in French, only last year.

"A few Tutsi were able to climb onto trucks headed for the airport," he said, "but they had to get off at the first barricade and were massacred under the eyes of the French or Belgian soldiers who, in accordance with their orders, did nothing."

The evacuation was completed by late April, but it was not until the end of June that French troops returned in force, with a UN mandate to provide aid to civilians. The French were baited by Hutu armed units as friends, Mr. Prunier wrote, and Mr. de Saint-Exupéry recalled hearing a French soldier tell him at the time, "I'm sick of being cheered by killers."

French government officials then and later still seemed preoccupied by the threat from U.S. military advisers to the Tutsi forces, according to Mr. Prunier.

Mr. de Saint-Exupéry said he had been told by a high-ranking French military officer that orders from Paris to cutoff supplies to the Rwandan Army did not come through until the end of May, though the Foreign Ministry has denied reports that shipments continued that long.

Mr. Quiles, a Socialist, said France could not set up a full parliamentary inquiry because of possible conflicts with the UN war crimes tribunal in Arusha, Tanzania.

But that tribunal is not looking into the French role in Rwanda.

Also after a long delay, a Belgian parliamentary inquiry also commissioned last year at the initiative of Senator Alain Destexhe, a former head of Doctors Without Borders International.

Belgian diplomats in Rwanda had ample warning of massacre plans as early as 1992, he said, and had shared that information in 1994 with French and U.S. counterparts.

The Belgian investigating committee published a 1,000-page report last December that found that Belgium bore a double responsibility for the genocide — for not trying to stop the massacres once they began, and for trying to get the UN forces to leave with Belgian forces while the massacres were taking place.

"It's all political authorities who are responsible," Mr. Destexhe said at the time, in words that could turn out to apply to France as well, "politicians as well as the military, Parliament as well as the government, the opposition as well as the majority."

"But because we all bear a part of the responsibility is no reason not to examine the respective responsibilities and draw the necessary conclusions," he said.



Frantisek Mojzis, a Slovak businessman who refused to deal with racketeers and last month went into hiding.

SLOVAKIA: Mobsters Strangle Business

Continued from Page 1

journalists and opposition politicians.

Last month, the national police chief, Peter Nemec, conceded that his men had failed to curb the mob, which experts say is largely home-grown but probably has links to organized crime in the former Soviet states, Germany and Italy.

"Organized crime is capable of threatening this country to a considerable degree," Mr. Nemec said. He told journalists that underworld influence was reaching into government and political parties.

Slovak police officials say that extortion, protection and silent partnerships are the main rackets of the mobsters, along with a bustling sex trade as young Slovak women are hired as dancers or bar girls abroad, then find themselves forced into prostitution.

One favored device, according to the police and business owners, is the mob-controlled private security firm. These firms propose protection services that many businessmen find hard to refuse. Frequent reports in the Slovak press suggest that business operators who do refuse find their premises destroyed or their lives threatened, and according to some of these reports, businessmen have been murdered for their refusal to play by the mob's rules.

Mr. Mojzis, who continues to manage the company he turned over to the church, says he knew the risks of defying the mob but that he was not prepared to give in.

"I come from a part of Slovakia where people are very stubborn," he said.

Because he viewed the police as unable or unwilling to pursue the racketeers, Mr. Mojzis launched a media campaign to force an investigation, taking his story to newspapers and Slovakia's private television station.

The campaign took time, but it worked. Last month, the police arrested a former banker for trying to extort money from Mr. Mojzis. The man, Julius Gaspar, described himself as an economic adviser to CBS Security 3, a private security firm owned by Mikulas Cernak, whom police and local news reports identify as the head of the Banska Bystrica underworld.

Mr. Cernak, 31, is currently in jail. He was arrested along with four associates and a policeman on charges of racketeering and extortion. Police say he forced one businessman to hand him control of a concrete panel factory, and coerced another to sign over the deed to his country house.

Banska Bystrica's police chief, Jan Pales, says he would like to do more against the mob, but says his force is undermined, underequipped and hamstrung by laws that make it difficult to use the conventional anti-mafia tools. All too often, he complains, witnesses are intimidated by mobsters.

"We want to stop them," he said. "We have good information on these gangs, but the problem is getting evidence that will stand up in court."

But even the mobsters are not safe. For the last year, a turf war of impressive proportions has rocked Slovakia, a nation of 5.6 million people.

Shoot-outs on street corners and in luxury hotels have left at least a dozen mobsters and at least as many businessmen dead, according to press accounts here. Of Slovakia's 67 murders last year, 30 were professional hits, the police say.

According to a press account, at least three policemen were killed by local mafias last year, including one whose severed head was placed on a car hood wearing his uniform hat. A reputed mob boss wounded in a bar shooting was later machine-gunned to death in his hospital bed.

The police say that car bombs have become a favorite way of settling ac-

counts, with 11 people killed and 19 injured in 98 criminal explosions last year.

Jozef Majsky, one of Slovakia's wealthiest industrialists, blames the rise of the Slovak mob on rampant corruption, and he and other knowledgeable observers do not hesitate to include political leaders or their key supporters when discussing underworld influence.

"Bribery is one of the working methods of this regime, from the top down to the working man," Mr. Majsky said in an interview. He is not bothered by criminal gangs, he said, because he has his own private army of 470 armed guards.

A foreign diplomat in the capital, Bratislava, said: "There's a problem with the links of organized crime to the state."

The scope of the general problem of mafia coercion is hard to gauge, he said, "but the number of Slovak businessmen running around with their own small armies is growing."

Peter Toth, a reporter who has investigated and written articles about organized crime for the daily newspaper Sme, says he believes senior state officials are increasingly linked to the gangs.

Last fall, while investigating possible connections between the mob and government officials, Mr. Toth's car was blown up.

"In Slovakia, there is an exceptional amount of cooperation between the secret services and the underworld," Mr. Toth said in an interview.

Some diplomats agree that the Slovak Intelligence Service maintains close ties to the Slovak underworld. The European Union, without elaboration, warned last year that "the use made by the government of the police and secret services is worrying."

Ivan Miklos, a former Slovak pri-

vatization minister, says the current climate is a natural outgrowth of what he views as the corrupt manner by which Slovakia sold off state-controlled companies.

In a notable case, controlling shares in Nafta Gbely, a lucrative gas shipping and storage company, were sold for less than half the company's annual 1.075 billion koruna profit, and there has been no public accounting of who made the purchase.

Mr. Miklos, a former businessman who

turned to the church, the threat has not lifted. He carries an automatic pistol in his belt. For months, he lived with his wife and small children behind the heavy oak doors of the Banska Bystrica bishop's palace.

Last month, he went into hiding after Slovak newspapers published reports that the Secret Service had asked Mr. Cernak, the reputed mobster, to arrange the "liquidation" of Mr. Mojzis by the end of February.

"During the last two years, corruption and clientelism in Slovakia have become endemic," Mr. Miklos said.

He and other analysts say the privatization process, often carried out without public auction, has allowed allies of Mr. Cernak and contributors to his political party to consolidate their political and economic power by snatching up former state enterprises at bargain-basement prices.

For Mr. Mojzis, the businessman who

IRAQ: American Arms Inspector Returns

Continued from Page 1

restricted access for the inspectors, who are charged with dismantling Iraq's biological, chemical and ballistic weapons.

The inspectors must certify that Iraq has eliminated all its weapons of mass destruction before UN sanctions, imposed after Iraq's 1990 invasion of Kuwait, can be lifted.

The United States still has a powerful military force in the Gulf, and U.S. officials say that a UN resolution warning Iraq of "severest consequences" if it blocks the inspectors has given a green light for punitive military strikes.

An Unsc spokesman, Alan Dacey, said Mr. Ritter was coming for a "normal inspection," not to inspect the presidential sites. But he declined to give details of the composition of Mr. Ritter's team.

■ Albright Adds Madrid to List

The U.S. secretary of state, Madeleine Albright, will visit Madrid next week to discuss the situation in Iraq, Reuters reported Thursday from Washington, quoting the State Department spokesman, James Rubin.

Spain is the latest stop added to a six-day trip that will also take Mrs. Albright to Italy, Germany, France, Britain, Ukraine and Canada. She plans to fly to Madrid after meetings in London on Monday.

■ Annan Names an Iraq Envoy

Barbara Crossette of The New York Times reported from the United Nations in New York:

Secretary-General Annan named a special political representative to Iraq on Thursday to improve lines of communication between Baghdad and the United Nations.

The envoy, Prakash Shah, is a well-known Indian diplomat who was the New Delhi representative at the United Nations from 1995 to 1997.

Mr. Annan felt that there was "a conspicuous lack" of regular contact between the Iraqi government and the secretary-general's office, his spokesman, Fred Eckhard, said.

"He was frankly surprised that he didn't have a special representative there, given the political importance of Iraq to the UN these days," Mr. Eckhard said.

The move was another step in Mr. Annan's quiet campaign to keep talking with the Iraqis in the hope that a diplomatic approach may bring about more cooperation from Baghdad, where several hundred UN food-distribution monitors and weapons inspectors are now based.

UN officials said that they did not know whether Mr. Annan had discussed the appointment with President Saddam Hussein, but that he proposed it when he briefed Security Council members on his trip to Baghdad last month.

The United States, which has made every effort to keep Iraq as isolated as possible until it gives up all its weapons of mass destruction and qualifies for a lifting of sanctions, has not objected to the idea of the appointment.

But the Clinton administration had misgivings about some candidates discussed earlier for the new position because they were seen as too sympathetic to Baghdad. The administration has not indicated any objection to Mr. Shah.

Mr. Shah, 58, retired from the Indian foreign service last year after serving as a diplomat and Foreign Ministry official. He has also been a director of Indian Petrochemicals and other companies as well as director of the Ministry of Petroleum.

WASHINGTON — In a cliffhanger roll-call, the House has passed a bill by only one vote, 209 to 208, that would let Puerto Ricans vote on their island's destiny — statehood, independence or continued commonwealth status.

The self-determination bill opens the way for a congressionally approved referendum in Puerto Rico. If Puerto Ricans choose statehood, the legislation would compel Congress to vote on ushering in a 51st state as early as 1999, with actual admission into the union occurring no more than 10 years later.

The vote, which prompted roiling cheers from the crowd of Puerto Ricans jamming the House gallery, reflected the concerns of many members, who were lobbied vigorously by Puerto Ricans on both sides of the issue.

Some conservatives, who say they believe the measure will lead to statehood, said they worried about the costs and the language differences, and opposed the bill because they did not believe that a majority of Puerto Ricans support statehood.

Some Democrats said they believed the measure was biased, stacked against commonwealth status and toward statehood.

In the past, the idea of statehood has been intertwined with the notion that Puerto Rico would risk losing its cultural identity.

These exemptions were removed in

the January agreement. But there seems to be some fine print. As of January, 39,000 Tumors had been imported, of which 24,000 had been sold. Last month, the government decided that the remaining 15,000 could maintain their tax exemptions. In the current slow-moving market, industry analysts estimate it will take two years to sell them — by which time the original tax exemption law would have expired anyway.

The president's best friend, Mohamed Bobi Hasan, headed a cartel that controlled Indonesia's \$4 billion plywood export industry, the largest in the world. Along with cartels in cement and cloves, a key ingredient in Indonesia's sweet cigarettes, it was abolished specifically by the January agreement as part of the IMF's program to open Indonesia's economy to free-market forces.

But apparently, like the clove cartel, it was abolished only in name. Mr. Hasan's group, known as Apindo, immediately formed what is called a statistical research board. To pay for the board, Apindo told exporters they would have to pay \$5 for each cubic meter of plywood exports. The annual total of this de facto tax would be between \$40 million and \$50 million.

This week, on the eve of the arrival here of former Vice President Walter Mondale, who brought a message of concern from President Bill Clinton, Apindo announced the termination of its statistical research tax.

The investments of friends and family members also seem to be a priority as Indonesia addresses the reform of its ailing banking system.

In one of the world's most unregulated financial industries, banks here were required to hold no more than about \$16 million in capital. In February, the government announced that this capitalization requirement would be raised in stages to about \$300 million by the year 2003 to make sure banks were on a sounder financial footing.

Banking officials said no more than 10 banks would be able to meet that requirement, setting the stage for a major round of mergers and consolidations.

But only two days after it was announced with great fanfare, the bulk of that requirement was officially "deferred," leaving the industry in a state of uncertainty. The uncertainty was heightened by the government's record of favoritism in its previous step to reform the banking sector last November.

At that time, also at the urging of the IMF, 16 ailing private banks were forced to close. Depositors were allowed to recover a maximum of only about \$2,000 from these banks. The government announced that it would not bail out large depositors because, as one analyst put it, "it would send all the wrong signals to the financial markets."

But many of the shareholders and large depositors of these banks were influential businessmen or members of the president's family. Last month, the government quietly announced that they, too, could recover their deposits, a move that banking analysts say will cost Indonesia about \$400 million.

INDONESIA: Evasions Mark 'Reforms'

Continued

21 Banks In Japan Ask for Aid

But Analysts Say Bailout Fails to Solve Problems

By Sheryl WuDunn
New York Times Service

TOKYO — In a smoothly scripted bailout of the financial system, 21 of the nation's top banks submitted applications Thursday for public funds in a move the government hoped would ultimately bring back worldwide confidence in Japanese banks.

However, their requests for 2.1 trillion yen (\$16.73 billion) in rescue funds fell far short of the total 13 trillion yen on offer.

"The whole scheme seems to be more of a political maneuver to boost sentiment rather than an earnest effort to improve the banking system," said James Fiorello, banking analyst at ING Barings Securities (Japan) Ltd. "As far as the convoy, it looks like we have taken a step backward. How can you conclude any other way?"

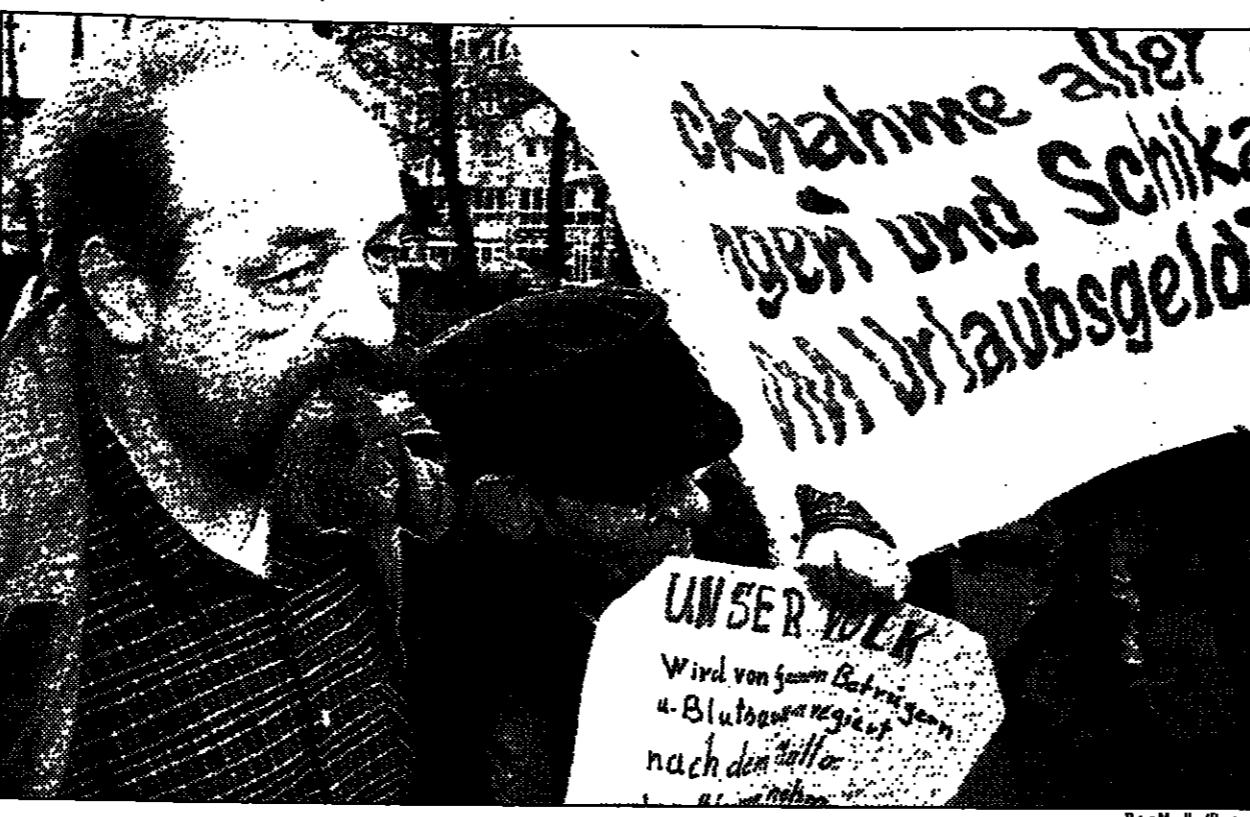
In addition, the script was interrupted by a discordant note: the arrest Thursday of two Finance Ministry officials for accepting bribes in the form of entertainment from bankers and brokers. It was the second time in just over a month that Finance Ministry officials had been arrested for taking bribes, and the arrests underscored the regulatory weaknesses that have contributed to a lack of international confidence in Japanese banks.

Finance Minister Hikaru Matsunaga apologized for "the incident which shook public trust," but said he would not resign.

As part of a \$238 billion bank bailout plan, the government is spending money to buy preferred shares or subordinated debt of banks to increase their capital strength, stabilize the financial system and help ease a credit squeeze here by encouraging more bank lending.

Analysts say, however, that while the bailout injects capital into the banks, it

See BAILOUT, Page 17



Demonstrators marching in the northern city of Oldenburg on Thursday to protest against unemployment.

German Unemployment Spurs Protests

Compiled by Our Staff From Dispatches

BERLIN — Thousands of Germany's jobless rallied nationwide Thursday as the government reported a jobless rate of 12.6 percent in February, with 4.8 million people out of work.

This jobless rate, calculated without adjustment for seasonal factors, was unchanged from the rate for January even though an adjusted calculation showed that the total number of job seekers had declined by 17,000.

The unadjusted total for February was 4.819 million, signaling that unemployment remains near a record high. The figure for January showed a record of 4.823 million.

Convincing voters he can combat record unemployment will be at the top of Chancellor Helmut Kohl's agenda as he campaigns for re-election in September.

The Social Democratic Party's nominee to challenge Mr. Kohl, Gerhard Schroeder, leads in opinion polls after

taking his party Sunday to its best showing ever in elections in the state of Lower Saxony, where he is prime minister.

Picketing and chanting outside unemployment offices from Berlin in the north to Munich in the south, protesters — though modest in number — sent a clear message to Mr. Kohl and Mr. Schroeder as they begin to campaign.

"For now the unemployment issue is definitely benefiting the opposition," said Peter Meister, an economist at BHF-Bank AG in Frankfurt.

Mr. Kohl's failure to push through 30 billion Deutsche marks (\$16.5 billion) in tax cuts last year, which would have reduced corporate and income taxes, has hurt his chances of cutting joblessness and spurring growth before September. He also backed down on his promise to halve joblessness by 2000.

"The turn of the tide will be reached by late summer," said Manfred Kurz, an economist at Bayerische Landesbank

Girozentrale in Munich. "Productivity is extremely high, so we need 3.0 percent or 3.5 percent growth to reduce unemployment."

The government forecasts growth between 2.5 percent and 3 percent for this year.

As they have done for months, the unemployment numbers showed a strong discrepancy between unemployment in the eastern and western parts of the country, a product of German unification in 1990.

The unadjusted jobless rate in the west fell to 10.4 percent from 10.5 percent in January, but in the east it rose to 21.3 percent from 21.1 percent.

Bernhard Jagoda, president of Germany's Labor Office, said the west was benefiting from export-led growth while the east was struggling to get out of a construction sector slump.

"We can't talk of turnaround yet, so I hope that in March the improvement will be even more noticeable," Mr. Jagoda said. "The economy is still divided."

But in afternoon trading, some issues,

including International Business Machines Corp. rose, and Intel's chipmaking rival Advanced Micro Devices Inc., which on Tuesday gave its own profit warning, recouped some of its losses since then.

Yet Intel's warning could be a harbinger of things to come, Mr. Hill said. Typically, he noted, analysts' forecasts start off rosy and then deteriorate as bad news is factored in. In addition, within two months of the earnings-reporting season, which peaks about three weeks after each quarter, corporate investors relations executives try to influence the outlook, seeking to drive down the range of expected earnings to just below the in-house predictions. If it works, this allows companies to report slightly higher-than-expected profits, considered the most advantageous for their reputations.

Intel, he said, is well known for guiding analysts' forecasts about its profits so that it rarely produces unpleasant surprises when it actually reports them.

What worries Mr. Hill is that the outlook for the past three quarters of this year remain much higher than the actual first-quarter results seem likely to show, setting the market up for a fall as these optimistic scenarios are revised. He said that earlier this week, for the stocks in the Standard & Poor's 500-share average, Wall Street was predicting an overall earnings increase of 3.7 percent this week, compared with the first quarter of last year. This is down from 10.4 percent at the beginning of the quarter, following the usual pattern, he said.

Looking later in 1998, the consensus projections are 8.8 percent for the second quarter, 12.9 percent for the third quarter and 17.4 percent for the fourth. Mr. Hill said he was particularly concerned that these forecasts are too high because the economic effects of the Asian crisis have not been felt and their extent will be hard to gauge.

"What we saw in the fourth quarter was mainly the currency translation impact," he said, referring to the dollar's sharp rise against the currencies of many countries in East Asia. For companies with sales in those countries, their dollar-based income declined even if they sold the same number of units of their goods. "That was easy to figure out, you

Thinking Ahead / Commentary

Hey, Germany, Cut Italy Some Slack

By Reginald Dale
International Herald Tribune

WASHINGTON — "What's your problem?" That blunt question is often asked by Americans, with varying degrees of exasperation, when someone is being unnecessarily tiresome or making a mountain out of a molehill.

Now, with decision-time fast approaching on the European single currency, the euro, it is the question that Italians ought to be asking their German neighbors. The Italians are entitled to feel irritated.

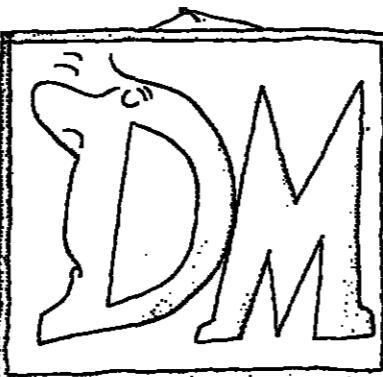
Over the last few years, Italy has dramatically transformed its economy so as to qualify for euro membership. It has cut inflation, public spending and budget deficits to an extent that few people thought even remotely possible.

No matter. Large numbers of influential Germans still oppose Italy's participation on the grounds that the lira's inclusion would make the euro too weak to be an acceptable substitute for the mighty Deutsche mark.

Essentially, the German doubters are saying, "Yes, we know that you have done a lot to put your economic house in order, but, based on our past record, we can't trust you to keep it up after you join the euro."

Fortunately, such objections will almost certainly not be enough to keep Italy from being accepted among the 11 countries that are expected to launch the currency at a European Union summit meeting May 2 in Brussels.

Economic considerations aside, Italy, as a founder member of the six-nation European Community and one of the



Nicolas Asua

most consistently enthusiastic supporters of European integration, has impeccable political credentials for joining Europe's new inner circle.

But the German complaints are unfair — especially when Germany, with its rigid economy and high unemployment, is currently a prime candidate for the title of sick man of Europe — and they are damaging to future confidence in Italy and in the euro itself.

The truth is that Germany's supercilious attitude toward Italy is based as much on psychology as on economics, and probably says more about Germany than it does about Italy.

Germans are feeling put upon. Having paid exorbitantly for their country's unification, they see further huge bills coming due as the European Union expands into Central and Eastern Europe and seeks to extend its influence in the Mediterranean. Now, they are being asked to merge their beloved Deutsche mark with a currency that requires large numbers of zeroes at the end for even

modest transactions and has been notoriously unstable in the past.

Germans, however, know Italy mainly as a vacation destination. They are far too ready to swallow the caricature of Italy as a land of charming, unprincipled, opera-singing good-for-nothings — in much the same way that East Coast Americans dismiss California as la-la land.

In fact, by some measures, Italy is now as rich a country as Germany and France. It has a problem of sky-high public debt, but otherwise it easily fulfills the criteria for the single currency enshrined in the Maastricht treaty.

It has privatized and deregulated its economy and modernized health and pensions programs. Italian businesses, workers, labor unions and consumers have become accustomed, and attached, to low inflation.

The irresponsible image of Italy dates from a spendthrift period that ended a dozen years ago when it started to get serious about convergence with its EU partners. Since then Italy has been progressively restoring discipline and responsibility to its economy. Unlike Germany, it has even succeeded in deregulating shopping hours.

Of course there are legitimate questions about whether Italy's good behavior can be maintained. But the answers should be weighed in the light of Italy's record over the last 12 years, not the 12 years that preceded them. It will not help Italy to sustain its reforms if its credibility is constantly being undermined by sniping from neighbors who seem unable to distinguish other people's problems from their own.

Germans are feeling put upon. Having paid exorbitantly for their country's unification, they see further huge bills coming due as the European Union expands into Central and Eastern Europe and seeks to extend its influence in the Mediterranean. Now, they are being asked to merge their beloved Deutsche mark with a currency that requires large numbers of zeroes at the end for even

Thinkahead@Washpost.com

CURRENCY & INTEREST RATES

Cross Rates

	U.S.	D.M.	PF.	1m.	2m.	3m.	5m.	1y.	5y.	10y.	30y.
Australia	1.205	1.387	1.027	1.017*	1.025*	1.035*	1.041*	1.045*	1.057	1.071	1.107
Brussels	2.41	2.62	2.155	2.157	2.159	2.161	2.163	2.165	2.167	2.171	2.175
Frankfurt	1.175	1.292	1.014*	1.014*	1.014*	1.014*	1.014*	1.014*	1.014	1.014	1.014
London	1.148	1.307	1.018*	1.018*	1.018*	1.018*	1.018*	1.018*	1.018	1.018	1.018
Paris	1.124	1.285	1.019*	1.019*	1.019*	1.019*	1.019*	1.019*	1.019	1.019	1.019
Tokyo	1.104	1.265	1.019*	1.019*	1.019*	1.019*	1.019*	1.019*	1.019	1.019	1.019
W. York	1.154	1.314	1.022	1.022	1.022	1.022	1.022	1.022	1.022	1.022	1.022
Paris	4.087	5.029	3.325	3.325	3.325	3.325	3.325	3.325	3.325	3.325	3.325
Tokyo	2.025	2.724	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871
Zurich	1.207	1.292	1.022*	1.022*	1.022*	1.022*	1.022*	1.022*	1.022	1.022	1.022
ECB	1.197	1.424	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020
London	1.182	1.281	1.019*	1.019*	1.019*	1.019*	1.019*	1.019*	1.019	1.019	1.019

Changes in Amsterdam, London, Milan, Paris and Zurich. Changes in other centers: New York 4 p.m. and Tokyo 8 a.m. To buy one pound, to buy one dollar. *Units of 100; NLG: not quoted; NLA: not available.

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Austria	0.9599	Greece	2.601	Malta	0.565	Morocco	1.040	Portugal	1.127	Singapore	1.327
Belgium	1.21	India	2.62	Indonesia	1.155	Ireland	1.024	Iceland	1.025	South Africa	1.325
Denmark	1.248	Kenya	1.022	Lebanon	1.222	Lithuania	1.025	Luxembourg	1.025	Thailand	1.325
Iceland	1.131	Liberia	2.625	Philippines	1.025	Poland	1.025	Qatar	1.025	Tunisia	1.325
China	0.279	Lebanon	1.022	Malta	0.565	Portugal	1.127	Qatar	1.025	U.S.	1.325
Czech	3.047	Iraq	1.022	Malta	0.565	Portugal	1.127	Qatar	1.025	U.S.	1.325

Orders 30%
Europe's Air

Strong Sales At All Units Fuel Profit At Daimler

Compiled by Our Staff From Dispatches

FRANKFURT — Daimler-Benz AG, the biggest company in Germany, said Thursday its profit more than doubled last year because of strong sales in its car, truck and aerospace units.

Daimler-Benz's pretax profit rose to 4.2 billion Deutsche marks (\$2.31 billion) last year from 2 billion DM in 1996. The company said profit grew markedly in the second half, but it did not release figures for the period.

Daimler benefited from a boom in the European truck industry, which helped its truck division return to profit. Meanwhile, a stronger dollar lifted earnings at units such as Daimler-Benz Aerospace AG. The mark fell 17 percent against the dollar last year, increasing the value of overseas sales and making German products less expensive for foreign buyers.

"The improvement of these results is a reflection of the market success of new, innovative products from all the business units and the progress made in boosting efficiency, as well as a reflection of favorable currency developments," Daimler said.

Sales rose 19 percent, to 124 billion DM, led by a 24 percent increase in sales at its truck division, to 39 billion DM. Sales at its Mercedes-Benz car unit rose 15 percent, to 53 billion DM, and sales at Daimler-Benz Aerospace rose 20 percent, to 15.3 billion DM.

"Passenger cars again brought in the most profit although they didn't see any real growth," said Sebastian Stein, an analyst at Bankgesellschaft Berlin AG. "The real boost came from its other businesses, especially from the turnaround in trucks and the increase in profit at DASA," he said, referring to the aerospace unit.

Daimler shares closed at 151.50 DM, down 2.30 DM.

The company will release more details about its results at its annual news conference April 8.

Daimler said it created 11,000 new jobs last year. In April, for the first time, it will pay 180,000 German employees bonuses linked to the operating profit of their division. (Reuters, Bloomberg, AFP)



IMMOBILE CALLER — A woman in London on Thursday passing a statue representing a trader with a mobile phone. Citing overcharging, the telephone-industry regulator, Ofcom, ordered British mobile-phone companies to cut their prices.

Compiled by Our Staff From Dispatches

FRANKFURT — Rolls-Royce PLC reported a sharp rise in annual profit Thursday and said strong sales of new engines were set to fuel double-digit growth in earnings this year.

Rolls said it achieved its highest-ever share of the civilian aircraft-engine market last year, winning 34 percent in line with its aim of capturing a third of the world market. In 1996, its share was 20 percent. Pretax profit rose 17 percent last year from 1996, to £276 million (\$454.6 million), the company said. Sales rose 11 percent, to £4.33 billion.

Rolls said its order book at the end of the year stood at £8 billion, up £1 billion from the previous year. The company has recorded £2.1 billion of sales since December.

Rolls-Royce said sales were well balanced, with defense accounting for a third, civil aerospace half, and the industrial sector 20 percent.

The company said it "does not expect significant adverse impact from the short-term economic problems in Asia. The company has a strong order book and 90 percent of

orders announced for civil aero engines in 1997 came from Europe and North America."

Demand for new aircraft engines is expected to remain strong, with the civilian market expected to be worth \$420 billion over the next 20 years, Chief Executive John Rose said.

Any fears that the economic crisis

in Asia might affect sales were misplaced, he said, since airlines still needed to replace jets and add new ones. "Between now and 2015 we would expect about 9,500 aircraft to be retired," he said. (Reuters, AFP)

Jet-Engine Sales Lift Rolls-Royce's Profit

Compiled by Our Staff From Dispatches

LONDON — Rolls-Royce PLC reported a sharp rise in annual profit Thursday and said strong sales of new engines were set to fuel double-digit growth in earnings this year.

Rolls said it achieved its highest-ever share of the civilian aircraft-engine market last year, winning 34 percent in line with its aim of capturing a third of the world market. In 1996, its share was 20 percent. Pretax profit rose 17 percent last year from 1996, to £276 million (\$454.6 million), the company said. Sales rose 11 percent, to £4.33 billion.

Rolls said its order book at the end of the year stood at £8 billion, up £1 billion from the previous year. The company has recorded £2.1 billion of sales since December.

Rolls-Royce said sales were well balanced, with defense accounting for a third, civil aerospace half, and the industrial sector 20 percent.

The company said it "does not

expect significant adverse impact from the short-term economic problems in Asia. The company has a strong order book and 90 percent of

orders announced for civil aero engines in 1997 came from Europe and North America."

Demand for new aircraft engines is expected to remain strong, with the civilian market expected to be worth \$420 billion over the next 20 years, Chief Executive John Rose said.

Any fears that the economic crisis

in Asia might affect sales were misplaced, he said, since airlines still

needed to replace jets and add new ones. "Between now and 2015 we would expect about 9,500 aircraft to be retired," he said. (Reuters, AFP)

Hanson Clears Its Decks and Gets Ready for Acquisitions

Reuters

LONDON — Hanson PLC, reporting its first full-year results since dividing into four companies last year, said Thursday that the disposal of its remaining noncore businesses was "well under way," placing the former conglomerate in a position to make acquisitions to sharpen its focus on building materials.

"That is our priority for adding value for shareholders," said Justin Read, associate director in charge of investor relations.

Hanson reported pretax profit for 1997, excluding one-time items, of £224.7 million (370.1 million), which it said compared with £207.4 million in 1996.

Sales were £2.48 billion, down from a comparable figure of £2.56 billion in 1996.

Upon disposing of its remaining noncore assets, Mr. Read said Hanson

would be able to finance purchases from its own resources. Hanson ended 1997 with net debt of £217 million.

Hanson's three main remaining businesses are Hanson Brick Ltd., ARC Ltd., the No. 2 British aggregates producer and Comerstone Construction & Materials Co., the third-largest U.S. aggregates producer.

Hanson shares finished down 1 percent at 322.

Paris Cautioned About Sale Bias

Reuters

PARIS — European Competition Commissioner Karel van Miert warned Paris on Thursday not to favor French buyers in the privatizations of the troubled GAN insurance group and its banking unit, CIC.

"It has been agreed that the sale will be transparent and nondiscriminatory, which does not of course exclude a French solution," he said.

Mr. Van Miert also stepped

up pressure on France to privatize Credit Lyonnais no later than 1999 through a "proper and transparent" process.

"We need a serious privatization and not a mixed platter with several core shareholders," he said.

Finance Minister Dominique Strauss-Kahn of France is under heavy pressure to keep French companies in French hands following an outcry over the takeover of the second-largest insurer in the country, ACF, by Germany's Allianz.

Hanson shares finished down 1 percent at 322.

• Adidas AG's 1997 net profit rose 48 percent to 465 million Deutsche marks (\$256 million) as sales at the German sports goods company climbed 42 percent to 6.7 billion DM. Adidas, which recently bought Salomon SA, a French sport-equipment maker, also plans to raise its dividend to 1.65 DM from 1.10.

• BTR PLC's 1997 pretax profit rose to £1.29 billion (\$2.1 billion) from £1.23 billion on sales of £7.44 billion. But the focus was on the British industrial conglomerate's earnings before exceptional items, which fell to £1.07 billion from £1.19 billion. The share price tumbled 6 percent to £1.855 after it warned that the strong pound and economic crises in South America and Asia would affect its business.

• Pechiney SA returned to a net profit of 1.81 billion French francs (\$297 million) last year from a loss of 2.98 billion francs in 1996, helped by gains from asset sales, a stronger dollar and higher aluminum prices. Sales grew 12 percent to 69.75 billion francs.

• Enterprise Oil PLC's 1997 net income fell 11 percent to £16.6 million from a year earlier as profit was hit by weak oil prices, by lower-than-expected output and by a strong pound.

• The Czech government has approved the purchase of a 36.7 percent stake in Investicni a Postovni Banks AS by Nomura International of Japan, in a bid to bolster its ailing economy. The bank controls investment funds with lucrative holdings in Czech industry.

• Ladbroke Group PLC's 1997 pretax profit climbed 39 percent to £26.3 million from the previous year as revenue increased at the British leisure company's betting shops and as demand for rooms rose at its Hilton hotel chain.

• Slovenia's two largest banks, state-owned Nova Ljubljanska Banka and SKB Banks, are considering a merger.

• Zeneca Group PLC's pretax profit rose 10.9 percent last year to £1.08 billion; but sales, hit by a strong pound, fell 3 percent to £5.19 billion.

Reuters, AFP, AFX, Bloomberg

WORLD STOCK MARKETS

Thursday, March 5

Prices in local currencies.

Telek

High Low Close Prev.

Amsterdam AEX index 1062.64 1070.74

ABN-AMRO 4.70 4.70 4.70 4.69

ABN-AMRO 4.70 4.70 4.70

NYSE

Thursday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month
High Low Stock Div Yld PE 52w High Low Lst Chg

A-B-C

3297 7649 AACR \$.34 12 27 627 299% 299% 299% -1%

3049 1748 ABBN \$.49 14 21 161 359% 347% 347% -1%

3445 1945 ACES Ls .20 12 13 100 111% 111% 111% -1%

1119 10 ACMN \$.10 9 122 111% 111% 111% -1%

1084 78 ACMN CP .43 7.5 10 228 274% 274% 274% -1%

1084 78 ACMN D .43 7.5 10 228 274% 274% 274% -1%

676 45 ACMS \$.27 8.5 665 245% 245% 245% -1%

1084 78 ACMN M .43 7.5 10 228 274% 274% 274% -1%

1519 1244 ACMN M .43 7.5 10 228 274% 274% 274% -1%

4095 1746 ACMN S .43 7.5 10 228 274% 274% 274% -1%

2579 1945 ACES C .20 12 13 100 111% 111% 111% -1%

1784 1746 ACES D .20 12 13 100 111% 111% 111% -1%

4984 2747 AIES Co \$.40 10 505 449% 449% 449% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

3494 25 AGCR \$.04 11 172 259% 259% 259% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

2579 1945 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

2579 1945 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

1944 1044 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

2579 2244 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

1784 1746 AICL DOD \$.20 12 13 100 111% 111% 111% -1%

3295 2376 AIFL \$.20 12 13 100 111% 111% 111% -1%

Procter & Gamble Saves Hanoi Venture

Compiled by Our Staff From Dispatchers

HANOI — Procter & Gamble Co. and its Vietnamese partner reached an 11th hour deal Thursday that saved their joint venture from bankruptcy.

Alan Hed, the company's top executive in Vietnam, said the two sides had reached agreement in principle that Procter & Gamble would increase its stake in the venture to 93 percent from 70 percent.

"We are pleased both parties have found a solution that is consistent with Procter & Gamble's global strategies and will enable P&G to continue operating in Vietnam," he said.

The deal ends an acrimonious struggle between local and foreign partners that was closely watched as a barometer of Vietnam's foreign-investment climate.

Mr. Hed gave no indication of how the revision of shares in the venture would affect management control but said the accord had the backing of Vietnam's Ministry of Planning and Investment.

The dispute between Procter & Gamble and its local partner, Phuong Dong Co., erupted in mid-1997 and rapidly became one of Vietnam's most high-profile foreign-investor

debacles in recent years. Procter & Gamble was looking to buy out Phuong Dong completely, giving it full control of the company and eliminating cultural clashes between partners over management style and business strategy.

But that proposal was considered unacceptable to the Vietnamese because it would "be a precedent for other companies," said Nguyen Xuan Chuan, another vice minister of industry.

At the center of the discord was the question of responsibility for some \$30 million in losses.

Officials at the American embassy in Hanoi, which has been involved in efforts to resolve the dispute, applauded the agreement Thursday. "The government of Vietnam has shown great foresight and excellent judgment by endorsing the agreement," the embassy said.

Vietnamese government officials declined to comment on the development, which leaves Phuong Dong with a stake of just 7 percent.

But analysts said the news appeared to indicate that market-led pragmatism had prevailed over politics in Hanoi's arcane and occasionally volatile process of internal decision-making. (Reuters, AFP)

Moody's Sours On Outlook for Singapore Banks

Compiled by Our Staff From Dispatchers

SINGAPORE — Moody's Investors Service Inc. lowered its ratings outlook on six Singapore banks Thursday to reflect the possibility of more deterioration in regional economies.

The six banks remain "among the strongest in Asia," but face "increased threats to asset quality" because of the number of countries they were exposed to, the U.S.-based credit-rating agency said.

Just a day after three of the banks reported poor results, Moody's warned Thursday of the "depth of problems in Indonesia and the increasing difficulties facing Malaysia's domestic economy."

Moody's also said the banks' asset qualities were threatened by a slowdown in Singapore.

The six banks are Development Bank of Singapore Ltd., Oversea-Chinese Banking Corp., United Overseas Bank Ltd., Overseas Union Bank Ltd., Keppel Bank of Singapore Ltd. and Tat Lee Bank Ltd.

But Moody's said that "it saw no threat to the banks' solvency." (AFP, Reuters)

Rupiah Slumps 13% Amid Stalled Reforms

By Thomas Crampton
International Herald Tribune

BANGKOK — The Indonesian rupiah tumbled 13 percent Thursday against the dollar as international pressure mounted on Jakarta to speed economic reforms and preserve the country's \$43 billion aid package from the International Monetary Fund.

The U.S. dollar rose to 10,300 rupiah on Thursday from 9,150 on Wednesday.

Concern over Indonesia also helped drag down the currencies of Malaysia, Thailand, Singapore and the Philippines, a slide that brought to an end several weeks of relative calm among Asia's troubled economies.

In a meeting with President Suharto on Thursday, an envoy representing Britain and the European Union stressed the need for Indonesia to stick to IMF reforms.

"I urged the president to follow the IMF program," said Derek Fatchett, a junior foreign office minister who is also an EU emissary. "It is important that that should happen because that is the way to restore confidence into the markets."

The warning to Indonesia came as Thailand received a new round of support from the United States and Japan after approval of more funds to be disbursed under its \$17.2 billion IMF aid package.

The widening divergence between Asian economies' responses to the currency crisis has led many analysts to divide the region into two clear categories: Indonesia and all the rest.

"Thailand and Korea are both moving ahead and adjusting to the reality of the situation," said Guoan Ma, head of Asia-Pacific economics research at Salomon Smith Barney. "I just don't see any signs of things getting better in Indonesia."

The prolonged sluggishness of the domestic economy took its toll on LG's South Korean sales last year, but exports remained brisk due to an increase in sales of air-conditioners and CD-ROMs, it said.

head of regional economic research at Soc-Gen Crosby Securities. "A fall of the rupiah now will not pull down other currencies as much as it could a few months ago."

In the period since IMF-required reforms have been implemented, financial markets have made harsh judgments of economic performance. The main stock indexes in South Korea and Thailand have risen by about 50 percent in dollar terms since the beginning of this year, while Indonesian stocks have fallen more than 30 percent in the same period.

[Underscoring the economic uncertainties, though, South Korean stocks tumbled Thursday by their largest margin so far this year as profit-taking by foreign investors spread to panic selling by local investors. The New York Times reported from Seoul. The Korea Composite Stock Index fell 6.5 percent to 535.68.]

"The G-7 is now taking a carrot-and-stick approach to the crisis, with not-so-veiled threats or rewards for good behavior," Mr. Saker said, referring to the Group of Seven nations.

As the IMF announced late Wednesday a \$270 million loan would be released to Thailand, the U.S. Treasury secretary, Robert Rubin, said that Washington would be willing to support a request for additional funding "if circumstances warrant."

On Thursday, Finance Minister Hikaru Matsunaga of Japan said Tokyo intended to provide \$600 million worth of loans to help Thai export financing. This new aid would be in addition to an ongoing IMF loan worth \$4 billion through the Ex-Im Bank.

Also on Thursday, Prime Minister Mahathir bin Mohamad of Malaysia said that Taiwan was in a "very good position" to help stimulate the battered economies of Southeast Asia. Agence France-Presse reported from Kuala Lumpur.

■ Research Minister Quits

Bacharuddin J. Habibie, Indonesia's research and technology minister, has resigned as chief executive of the state-owned aircraft, shipbuilding and arms-making companies, the official Antara news agency reported on Thursday.

The report said Mr. Habibie, the sole vice presidential candidate in voting by Indonesia's electoral college, resigned from the three posts at a ceremony at the Industri Pesawat Terbang Nusantara aircraft plant in Bandung, West Java.

Investor's Asia

Exchange	Index	Singapore	Tokyo
Hong Kong	Hang Seng	Straits Times	Nikkei 225
15500	2000	19000	
14000	1800	18000	
12500	1600	17000	
11000	1400	16000	
9500	1200	15000	
8000	1000	14000	
1997	1998	1997	1998
O N D J F M	O N D J F M	O N D J F M	O N D J F M
1997	1998	1997	1998
Exchange	Index	Thursday Close	Prev. Close
Hong Kong	Hang Seng	10,803.61	11,550.83
Singapore	Straits Times	1,570.58	1,571.42
Sydney	All Ordinaries	2,652.70	2,705.48
Tokyo	Nikkei 225	16,641.55	17,095.00
Kuala Lumpur Composite	656.79	705.94	1.30
Bangkok	SET	503.23	520.24
Seoul	Composite Index	585.68	572.78
Taipei	Stock Market Index	8,785.32	8,977.54
Manila	PSE	2,207.54	2,213.31
Alaska	Composite Index	5,16,489	5,02,911
Wellington	NZSE-40	2,280.38	2,313.28
Bombay	Sensitive Index	3,714.62	3,743.83

Source: Telekurs

International Herald Tribune

Very briefly:

• Malaysia's trade surplus surged 165 percent, to 2.6 billion ringgit (\$686.9 million), in January as demand for imported merchandise cooled, the Bernama news agency reported. Exports increased 35.6 percent, while imports rose 19.5 percent, swollen by 1.2 billion ringgit in aircraft and ship purchases.

• Prime Minister Mahathir Mohamad said that Kuala Lumpur has no plans to privatize or bail out Bank Bumiputra Bhd. and that a 750 million ringgit cash injection for the troubled bank was normal practice for a public institution.

• Philippine prices in February were 7.4 percent higher than in February 1996, a 19-month high, as the Asian currency crisis drove up food prices. The corresponding rate in January was 6.4 percent.

• Westpac Banking Corp.'s general manager predicted that the Asian turmoil would be felt for years and have profound effects on the Australian property market, including flat interest rates for at least the next two years.

• Grey Advertising Inc. said the turmoil, while reducing Asian sales growth to 8 percent this year from 20 percent a year to 1997, would not make it lessen its focus on the region.

• All Nippon Airways Co. predicted that it would post a group net loss of 7.2 billion yen (\$57.4 million) for the year through March, as the top Japanese operator of domestic flights said rough winter weather, more competition and "domestic economic gloom" had led to fewer passengers. It had predicted a net profit of 3.8 billion yen.

• Japanese vehicle imports fell 39.8 percent in February from a year earlier, to 22,133 units, the biggest such drop since 1970. Imports of U.S. vehicles fell 42.1 percent, to 4,813 units.

• Laura Ashley PLC is selling a 13 percent stake in Laura Ashley Japan to Jusco Co. for \$9.5 million (\$15.6 million), reducing the British company's ownership to 26.7 percent.

• China Eastern Airlines has signed an agreement with Boeing Co. to buy three 737-300 airliners, *Liberation Daily* reported.

• Chinese families will purchase 700,000 personal computers in 1998, 30 percent more than last year, the Ministry of Electronics Industry predicted.

Bloomberg, Reuters, AFP

Kia's Future Darkens as Chief Leaves

Compiled by Our Staff From Dispatchers

SEOUL — The future of Kia Motors Corp. appeared even bleaker Thursday after the resignation of its chairman to take a top government job, analysts said.

Former Labor Minister Jin Nyum, who was believed to have the clout to put the troubled carmaker back on its feet, was appointed Wednesday by President Kim Dae Jung to head the new budget office.

Mr. Jin served only four months as Kia's government-appointed caretaker, after creditor banks filed for court receivership for Kia Group in October. Kia's biggest creditor was Korean Development Bank, a state-owned bank. The group collapsed under 10 trillion won (\$6.39 billion) in debt, about half of which is owed by Kia Motors.

Analysts said the days of Kia Motors could be numbered without a heavyweight figure such as Mr. Jin.

"Whoever the decision-maker may be, it seems to have been con-

cluded that the survival of Kia is impossible," said Ji Sung Chul, analyst at LG Securities.

But Kia Motors said it would continue its restructuring efforts while hunting for a fresh capital injection. (Reuters, AFP)

LG Electronics' Net Surges

LG Electronics Co. posted a better-than-expected 1997 net profit of 91.6 billion won, up 41.4 percent on a 22.7 percent increase in sales, to 9.2

billion won, Agence France-Presse reported Thursday from Seoul.

The company, a unit of LG Group, South Korea's third-largest conglomerate, forecast 1998 sales of 11 trillion won, with exports rising to about 8.55 trillion won.

The prolonged sluggishness of the domestic economy took its toll on LG's South Korean sales last year, but exports remained brisk due to an increase in sales of air-conditioners and CD-ROMs, it said.

BHP to Cut 300 Jobs as Moody's Warns of a Downgrade

Compiled by Our Staff From Dispatchers

JOHN PRESCOTT, 57, resigned Wednesday after 40 years with the company. He had been managing director since 1991. No successor has yet been named.

After the market closed, and within 24 hours of Mr. Prescott's resignation, BHP said it was offering "voluntary redundancies" at a rate of 5 percent.

Moody's highlighted "senior management turnover" as an important part of its decision to place BHP under review for a possible downgrade. (AFP, Bloomberg)

five of Queensland state coal mines. Another 1,800 employees at three Queensland mines will be forced to leave for 10 days in April.

Moody's highlighted "senior management turnover" as an important part of its decision to place BHP under review for a possible downgrade. (AFP, Bloomberg)

BAILOUT: 21 Banks Apply for Aid From Government Program

Continued from Page 13

does not directly confront the problem of the banks' bad or questionable debt, estimated at more than \$600 billion. Nor does it address the underlying problem that Japan probably has too many banks, and that some institutions perhaps need to fail to guarantee profits for the rest.

In Japan, a number of the banks that were originally reluctant to take public funds were apparently encouraged to do so by the government, which feared that if weak banks were the only ones stepping forward for money, depositors might get nervous and pull their money out of those institutions.

All of the major banks applied for the same amount of funds, \$794 million. Nearly all of them chose to issue subordinated debt rather than preferred shares.

And all of them are submitting similar restructuring plans as a condition for their accepting the public money.

The exceptions were Nippon Credit Bank Ltd., which is seeking up to \$2.4 billion and will issue both preferred shares and subordinated debt, and Long-Term Credit Bank of Japan Ltd., which is asking for \$1.6 billion, a portion of which it will take in exchange for preferred shares.

Government officials defended the plan, saying the injection of capital was meant to bring stability to the financial system, regardless of whether it appeared to be a return to tradition.

"The ultimate goal for the scheme is to make the Japanese financial system more efficient and internationally competitive," said Takayoshi Hatayama, deputy head of the committee at the Deposit Insurance Corporation that is overseeing the disbursement of public funds. "There will be more stringency. We have a strong wish to remodel the Japanese financial system."

A seven-member panel, which includes the finance minister and the governor of the Bank of Japan, the central bank, decided last week on the criteria by which banks would be able to receive public money. It decided not to demand explanations from banks involved in the

bribery scandals that have come to light recently. All the applications are expected to be accepted.

After approval from the cabinet, the panel will probably decide on the terms and pricing of each bank's stock or debt issue.

Although the government has said it will use the market as a guide to set the price of the issues, the differences among the banks are likely to be minor since the point is to provide public funds cheaply so that the banks can meet international requirements for capital adequacy ratios by March 31.

With the capital injections, all the banks will easily clear the hurdles set by Nomura Securities Co. regarding its securities issued in the United States.

likely to secure support from their parent companies, Moody's said.

French, British and Dutch banks are also heavily exposed in Asia, Moody's said, while Italian, Canadian and U.S. banks have relatively low exposure.

"Heavy exposure to Asian claims is negative for the credit ratings of the banks involved," it said. "However, Moody's does not expect a large wave of additional ratings reviews because most of the companies with elevated exposures have been identified."

While Belgian banks were likely to weather the crisis thanks to strong reserves, French banks may be more at risk, it said.</p

NASDAQ

Thursday's 4 P.M.
1000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

WORLD ROUNDUP

Seizinger Triumphs Without Racing

SKIING Katja Seizinger of Germany captured two World Cup titles on Thursday when two women's races scheduled for this weekend in France were canceled because of bad weather.

The International Ski Federation announced that the women's World Cup downhill and Super-G in Morzine, France were called off because of warm temperatures and heavy rainfall.

The federation said the races would not be replaced, assuring that Seizinger could not be overtaken in the downhill and Super-G standings. She also moved closer to clinching the overall World Cup title.

A victory is worth 100 points and Seizinger leads Renate Goetschl of Austria by 128 points in the downhill and by 140 points in the Super-G. For the overall title, Seizinger has a 267-point lead over Martina Ertl of Germany with four races left. Seizinger won the overall title for the first time two seasons ago.

It was a record fifth Super-G title for Seizinger and her fourth downhill title. She has won four Super-G and four downhill races this season. (AP)

Huskies Win in Big East

BASKETBALL No. 6 Connecticut outscored Providence, 13-4, over the last five minutes to seal a 64-55 victory in the quarterfinals of the Big East tournament on Thursday at Madison Square Garden.

The Huskies (27-4) will play the winner of the Rutgers-Georgetown game in Friday night's semifinals.

Connecticut had to overcome one of its worst shooting performances of the season (19-for-51, 37.3 percent) to beat the Friars (12-16), who scored on just two of their last 10 possessions of the game.

The conference's player of the year, Richard Hamilton, struggled more with his shooting than any other Connecticut player, going 5-for-20, including 1-for-7 from 3-point range.

DeMarco Johnson scored 23 points, pulled North Carolina-Charlotte out of an early rut and was the steady force in a 63-55 victory over Marquette in the second round of the Conference USA tournament on Thursday.

UNC Charlotte (18-9), the tournament's No. 2 seed, will play either Memphis or Southern Mississippi in the semifinals on Friday. (AP)

Falcons Pursuing Zeier

FOOTBALL The Atlanta Falcons, making a major effort to bring Eric Zeier back to Georgia, confirmed Thursday they had offered the Baltimore Ravens' backup quarterback a two-year contract.

The Ravens have a week to match the offer sheet to Zeier and have said in the past they will keep him. Since Zeier is a restricted free agent, the Ravens would receive the Falcons' third-round draft pick if they decided to let Zeier go.

Terms of the offer were not made public. The Ravens had made a one-year offer of \$397,000.

The Falcons are seeking an experienced backup quarterback to Chris Chandler. (AP)

In Sprewell Fiasco, NBA Loses Its Way

Tough-Talking Commissioner Turns Sheepish

By Mark Heisler
Los Angeles Times Service

Well, that concludes a disaster for the ages.

Latrell Sprewell, the perpetrator, who supposedly triumphed Wednesday, improved his situation only to the extent that he forfeits a mere \$6.4 million, rather than being nuked to the tune of \$23.7 million.

Of course, he also loses something more precious — his good name. Let's

VANTAGE POINT

see him get that back. For sure, an attorney cannot give it to him.

P.J. Carlesimo, the victim, is a dead coach walking, with his players muttering about him and the league's grapevine destroying his chance of recruiting free agents.

Then there is the invincible David Stern, the last real commissioner. In essence, what happened Wednesday was that the arbitrator, John Feerick, choked him.

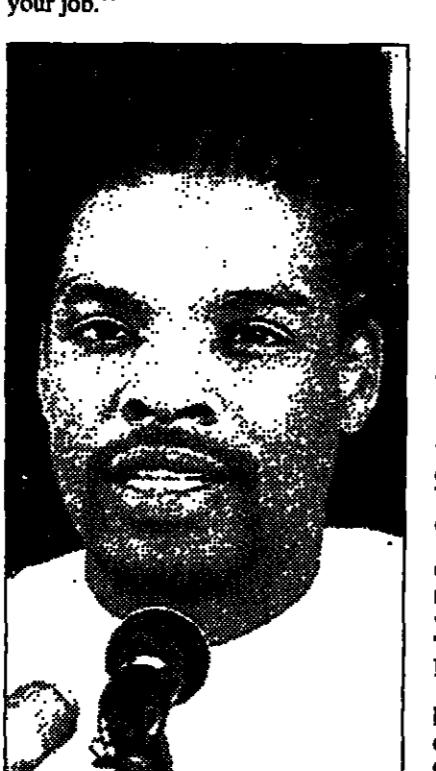
Feerick ruled that the Golden State Warriors had to re-instate Sprewell's terminated contract and that the National Basketball Association had to reduce his suspension by five months.

Sprewell, whose penalties stemmed from a Dec. 1 incident in which he assaulted Carlesimo twice at a team practice, will thus become a member of the team again on July 1.

The decision was fair enough. Big penalties for outrages, even in this hard-hitting league, run \$10,000 or \$20,000. Where did they get off, thinking the tab for this offense, however horrific, should be \$23.7 million, the amount Sprewell would have forfeited had the punishments stood?

What was notable about the decision was the way it capsized the unsinkable Stern.

The great spin doctor sounded crest-fallen in news conference, saying Feerick had made his league a place where you can "strike your boss and still hold your job."



Latrell Sprewell, who will be allowed to rejoin the Warriors on July 1 and lose a mere \$6.4 million.

In the NBA, it's a challenging new day — and a frustrated-looking Stern.

In a rare aside at the All-Star game, he said that if the owners did not like his new get-tough commissioner-decides disciplinary policy, they could change the constitution or fire him.

The owners, who used to give Stern carte blanche, reportedly are resisting his lead on labor. Stern wants to rock 'n' roll this summer — lock the players out, perhaps even give up a month or two of the next season — to forge a better collective-bargaining deal, because the present one works strictly for glamour teams, superstars and post-teenage prospects.

The problem is, the big beltiers reportedly do not want to line up behind their leader.

A straw vote on reopening collective bargaining at a board of governors meeting last fall in New York reportedly passed by only 20 to 9. Reopening the talks should be a pro forma 29 to 0, since it only means that the owners want to begin negotiations.

If Stern can get only 20 votes for reopening negotiations, how many can he get for locking out the players on July 1? How many can he get if it goes beyond?

And now, the commissioner cannot even flex his muscles in a massive show of power?

Sprewell's behavior was indefensible, but that was not the worst of it. The worst part was, because he was a talented player, he would suffer few real consequences. The Warriors could void his contract and, because he was so talented, teams would line up to offer millions more.

Bloomberg News recently polled NBA general managers and nine of 29 said they would consider signing Sprewell.

So the Warriors, perhaps encouraged by the NBA lawyers, and Stern swung for the fences. And, as they learned Wednesday, popped out to short.

This is still a nation with laws. Precedents apply. Stern, a great trial lawyer, and his entire office of lawyers, rushed pell-mell past due process. The next thing you knew, they had big trouble.

In the spring of 1993, at the end of a dreary season, the Detroit Pistons' Alvin Robertson got into an argument with the team's general manager, Billy McKinney, and grabbed him by the throat. The incident was little remarked upon. Robertson, a former All-Star who was by then a journeyman, was soon released.

McKinney was about to be fired himself — and it was before Stern had taken over the role as top cop.

Bottom line: The league took no action. Not light action, not a token slap on the wrist. In a similar case, the league did nothing.

This is what a lawyer might call an opportunity.

There were others, such as the time Charlotte's general manager, Alan Bristow, choked an agent, Ann Telleen — who, ironically, is Sprewell's agent. This time the league took action. It sent Bristow a letter of reprimand.

The decision Wednesday should not have been a surprise, even if it seemed to catch Stern in the breadbasket. But no one had better celebrate.

The final score was, no winners, all losers, and perhaps the most ringing reminder yet that this once-glowing league has lost its way.

Wednesday showed that modern pro-



Giovanni Elber of Bayern Munich leaps atop Julio Cesar of Borussia Dortmund during a scoreless draw.

Goals (and Victory) Tough to Come By

By Peter Berlin
International Herald Tribune

Soccer's lawmakers are to meet in Paris on Friday to consider ways to improve their sport ahead of the World Cup finals this summer.

One item on their agenda is whether to adopt technology that would automatically register a goal when the ball crosses the goal line. Not that it's needed; anyone unlucky enough to have watched the first-leg quarterfinals of the European Champions League on Wednesday night could see that goals are few and farther between these days.

In Monaco, Manchester United and Monaco played to a sterile, 0-0 draw. In Munich, an equally tedious match between Bayern and Borussia Dortmund also finished at 0-0. In Turin, Juventus and Dynamo Kiev drew, 1-1. Afterward, Marcello Lippi, the Juventus coach, said that his opponents, from their one goal, "did not manage a shot on target. Not one."

The one relatively bright spot was in Leverkusen, near Cologne, where Real Madrid — which mercifully lacks the discipline to defend for 90 minutes — played an entertaining 1-1 draw with Bayer.

Alex Ferguson, the United coach, glowed with pleasure after his team stuck to a conservative strategy and managed just one shot on target while restricting its opponents to just two.

"I'm satisfied with the concentration displayed by our defenders," Ferguson said. "We did a good job. We didn't take any risks. In the past we have tried to win away. Tonight we didn't repeat the same mistake."

Heaven forbid that the English champion should actually try to win a match.

At their meeting on Friday, the lawmakers of FIFA, world soccer's governing body, will also be discussing the infamous tackle from behind, a dangerous play that they have been trying to outlaw for several years. But the games Wednesday showed that modern pro-

fessionals have already adapted to the punishments meted out for such fouls.

Nine of Monaco's starting 11 on Wednesday carried one yellow card into the match. Each player knew that a second yellow card would lead to a ban for the second-leg match in Manchester in two weeks. So they resorted, as did their opponents, to persistence, but not outraging United defenders.

Andy Cole, United's lone striker, never escaped the grabbing hands and obstructing bodies of the Monaco defenders. The same happened at the other end. Whenever Monaco players moved into a vaguely dangerous position, they would be surrounded by United men

CHAMPIONS LEAGUE

clutching, pulling, tripping and obstructing. Thierry Henry and Victor Ikpeba, the Monaco strikers, spent the night struggling to escape the embraces of United defenders.

Rather than blow his whistle for every infringement, the referee, Ramon Diaz Vega, simply let the players get on with it.

By consistently ignoring certain rules, modern soccer players and coaches are redefining those rules. It simply isn't worth the effort for referees to punish every offense. In any case, the game is played at such speed that it is often difficult to work out just who is guilty of what.

After the game, Guy Roux, the manager of the Auxerre soccer club and a pundit on French television, praised Diaz Vega for his "impeccable" refereeing. Translated from coachspeak, the remark meant the referee had allowed the players to do as their coaches had instructed them. After his comment, Roux turned to the camera and told viewers that there were still ticks available for the match between Auxerre and Monaco later this month. But why should anyone want to pay good money to see more of the same?

One striking example of the powerlessness of the modern referee came

when Diaz Vega awarded Monaco an indirect free kick just inside the United penalty area. The United defender simply refused to retreat the regulation 10 yards. Diaz Vega remonstrated, he even tried a little shoving. But the defenders would not budge, remaining five yards from the ball. Diaz Vega gave up, and the kick was easily blocked by onrushing United defenders.

Meanwhile, in Leverkusen, Kim Nielsen, the Danish referee, managed to force the Real Madrid defensive wall in retreat 10 yards. Then Stefan Beinlich blasted a kick straight against a Real player. When the ball rebounded, he had the time to control it and shoot again before the first defender arrived. The ball flew into the top corner of the Madrid goal to give the home team the lead.

Real, playing with three strikers, attacked at every opportunity and leveled in the second half with a swerving shot by Christian Karembeu, his first goal for the club.

In Turin, Andrei Gusein gave Kiev the lead after 57 minutes, slashing the ball from close range after a corner. Filippo Inzaghi equalized, also from close range, after the Kiev goalie, Oleg Shovkovsky, saved his first shot. Both Inzaghi and Alessandro Del Piero had chances to win the game for Juventus but missed.

Before the game, Valeri Lobonov, the Kiev coach, boasted that his team played soccer as it would be played in the next century. Afterward, Vittorio Chiusano, the Juventus president, compared Kiev's approach to the super-defensive Italian tactics of the past.

"The football I saw wasn't football of the year 2000," Chiusano said.

In Munich, two teams coached by Italians revived similar memories. Bayern, under Giovanni Trapattoni, had the better scoring chances. Predictably, Nevio Scala, the Dortmund coach, was happy: "A goal in Munich would have been nice, but a draw is O.K."

The FIFA lawmakers should take note: Goals anywhere are nice.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

WEDNESDAY RESULTS

Minnesota 22 23 31 21-102
Chicago 16 .733 —
Atlanta 26 .610 .714
Cleveland 34 .586 .721
Milwaukee 22 .542 .611
Detroit 28 .491 .649
Toronto 13 .500 .624

CENTRAL DIVISION

Utah 41 .719 —
Arizona 20 .678 —
Houston 29 .500 .620
Vancouver 14 .441 .571
Dallas 12 .471 .503
Denver 5 .54 .685 .37

WESTERN CONFERENCE

T: Chrislie 12-4-4-16. Brown 5-8-12 C. Person 9-7-21. Rebounds—Utah 12-22. Mission 7-9-12-21. Assists—Det. 12 (Hill 3). Sacramento 27 (Johnson 11).

MAJOR COLLEGE SCORES

Rutgers 72, West Virginia 43

COLLEGE TOURNAMENTS

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

South Best Conference

Western Division

Mid-American Conference

Mid-Continent Conference

Mid-Western Conference

SPORTS

led by Smith, '6ers Defeat Bucks, 87-80

The Associated Press

Joe Smith had his best game since being dealt to the 76ers and Derrick Johnson had 19 points and 10 rebounds. Philadelphia defeated the Milwaukee Bucks, 87-80.

Smith scored 15 points on 6-of-9 shooting with four rebounds in 26 minutes. Theo Ratliff added 13 points and seven rebounds for Philadelphia, which returned home Wednesday night after a four-game road trip.

Smith had not scored more than 14 points since being traded to Philadelphia two weeks ago. He had a 2-for-

NBA ROUNDUP

1 shooting night against Indiana and a 1-for-12 against Denver.

Glenn Robinson had 21 points and eight rebounds, Tyrone Hill grabbed 18 boards, Ray Allen scored 17 points and Armon Gilliam added 14 points, including 10 in the fourth quarter, as the Bucks lost their third in a row.

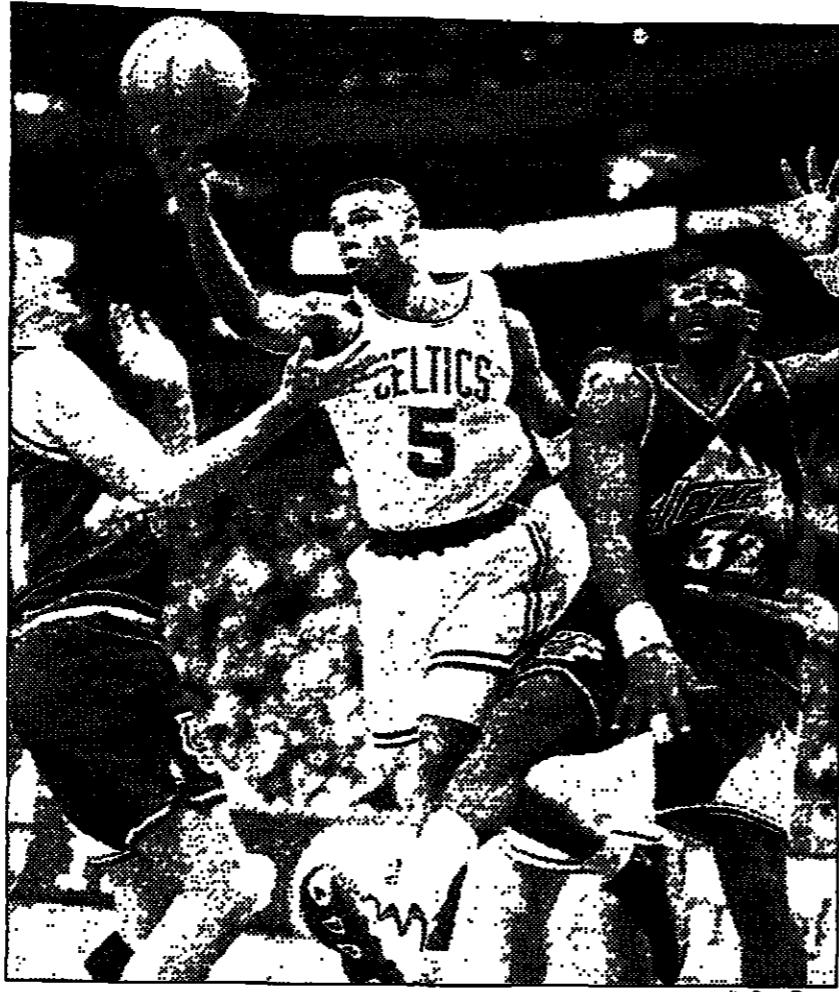
Hornets 112, Timberwolves 102 Charlotte extended its best winning streak of the season to six games as Anthony Mason scored nine of his 21 points in a fourth-quarter run that pushed the Hornets past visiting Minnesota.

Mason added seven rebounds and six assists as Charlotte improved its 1-time home record against the Timberwolves to 10-0.

Cavaliers 122, Raptors 88 Wesley Person tied a career high with 33 points and Cleveland reached a season-high point total in routing visiting Toronto.

Zydrunas Ilgauskas had 21 points and 7 rebounds, and Brevin Knight passed 17 assists. Rookie Derek Anderson had 13 points in 17 minutes in his return after missing 15 games with a knee injury. The Cavs were 6-9 without their 3rd overall 1997 draft pick.

Magic 96, Sonics 93 Nick Anderson, back from a bout with the flu, scored 31



Ron Mercer of the Celtics driving through Jeff Hornacek, left, and Karl Malone of the Utah Jazz to score in a game that Boston lost, 110-94.

points to help host Orlando snap Seattle's five-game winning streak.

Anderson, averaging just under 28 points in his last six games, made 5 of 6 shots during a 32-point third quarter that enabled Orlando to break the game open.

Jazz 110, Celtics 94 In Boston, Karl Malone had 32 points and 15 rebounds and Utah overcame 36 points and 10 rebounds by Antoine Walker to beat the Celtics for the 13th consecutive time.

Lakers 104, Pacers 95 Shaquille O'Neal had 29 points, including a surprising 13-of-15 from the foul line, as

the Lakers won at home amid reports that their coach was about to be fired.

Kings 109, Pistons 89 Corliss Williamson scored a career-high 40 points as Sacramento ended its seven-game losing streak with a victory over visiting Detroit.

Warriors 90, Spurs 82 Golden State snapped four-game losing streak with a victory at home over San Antonio.

Jim Jackson led the Warriors with a season-high 26 points and Donnell Marshall and Erick Dampier had 17 apiece to help the Warriors beat the Spurs for the first time in three meetings this season.

CROSSWORD

ACROSS
1 Frowned-upon conduct
2 A chorus line
3 "Praise be!"
4 Arm wrestler's pride
5 Parking lot prankster, perhaps
7 Porto —, Brazil
8 Singer Bobby and others
9 Container weight
10 Bourbon ruler
11 Popular college items of the 20's

23 Hampers
24 First-rate
25 One on foot
26 '80's singer Apple
28 Engine noise
29 Three-time Best Actor nominee
32 Death
33 Mediator
34 Sneaky sales tactic
35 What roustabouts put up
40 One of Oxford's colleges
41 Ad
43 The gamut

44 His invention made skyscrapers possible
45 Hamper contents
46 End of Rick's toast
47 Sybenta's delight
48 Land of Lumbadas
50 Buile
52 Texye and others
54 Change, as in urban planning
55 Most refined
56 Artist influenced by Ingres
57 Troubles

DOWN
1 Less hopeful
2 "La Traviata" lead
3 Sub stations
4 Crème caramel
5 Double play pair
6 City on Guanabara Bay
7 Bond order
8 They'll give you a lift
9 Tee off
10 Hot shot
11 Compact's lack
12 Germaine

13 Make sense
15 Bad vibration?
16 Hamper
17 Loop
18 Quality
19 Autostada sights
22 Cuzzo inhabitant
25 Watch
26 Barrage
27 Chac of "Life Goes On"
28 Happened to
30 Coal electrostatically
33 Wizened
37 Ladies' man
38 Little Debbie competitor
39 Pigeon
42 Stinkers' combination
44 Where to find dates?
45 Batman, really
47 Suburb of Pittsburgh
48 Estate shakers often
49 Kind of tail
51 Tooth
53 " — we having fun yet?"

© New York Times/Edited by Will Shortz.

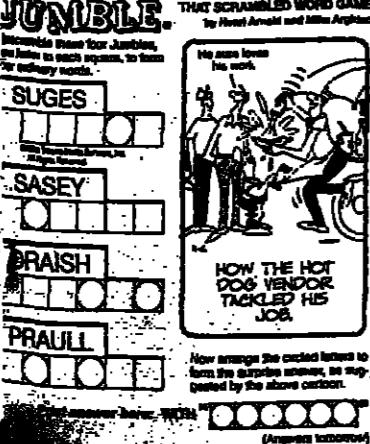
Solution to Puzzle of March 5

ARAM ALFAS TETS
SONY TOOTH AGRA
HOAGY CARMICHAEL
JOOF ERINYS
CHARLY HELOT
EARLOFSANDWICH
DRS SEPIA SALON
ARES DITCH NONO
RANCH GETUP SOO
HEROWORSHIPERS
OMITS NORSE
STOLEN CATO
YELLOW SUBMARINE
WADE ISSEI ERIN
SLEED NEARS REND

DENNIS THE MENACE



JUMBLE



ANTQUES
Contact Sarah Wertheof
London office
44-171-520-0326
44-171-520-0339
Contact IHT office
or representative.

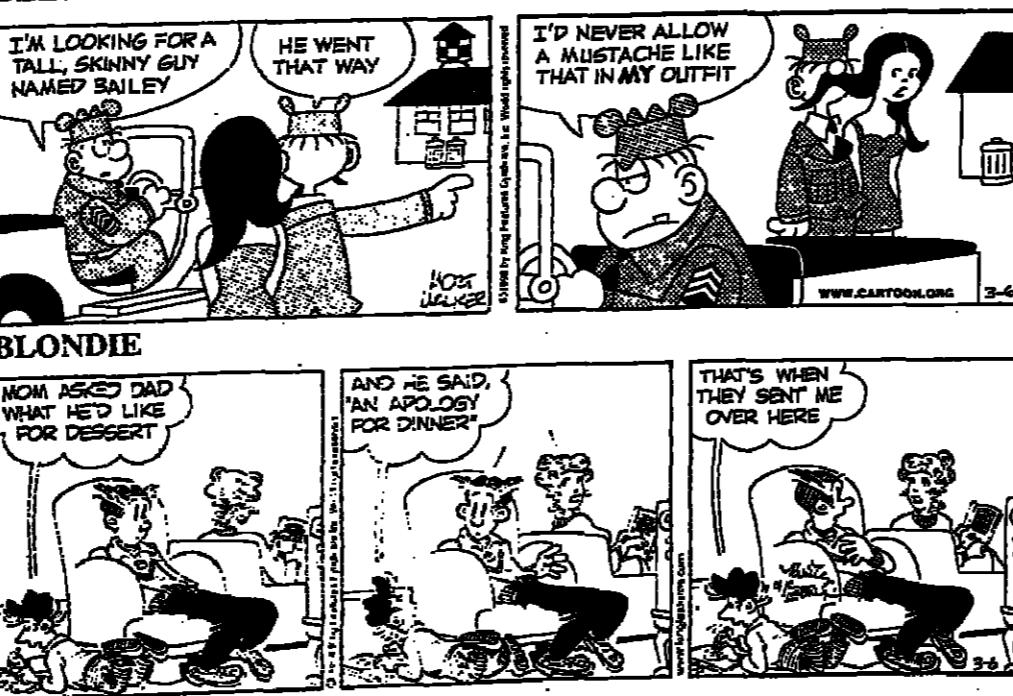
PEANUTS



GARFIELD



BEETLE BAILEY



BLONDIE



Athletes and Rape: A Victim Reacts

By Robert Lipsyte
New York Times Service

KATHY Redmond's father sobbed as she left for college in late August 1991, in two cars loaded with stereo equipment, stuffed animals and lacrosse sticks.

It was the first time she had seen her dad actually cry, but she was not surprised. Kathy was the baby of the family and among its fourth generation to attend the University of Nebraska. At 50, Bill Redmond, a former Air Force officer, still wore his varsity letterman's ring, for baseball, on the same finger as his wedding band.

Kathy, at 18, felt she was moving from one family home to another. Her dad's picture hung in the sports center, her grandmother's Russian sandwiches were sold in the stadium. She knew many of the athletic trainers from attending games and alumni events. Nebraska was the only college to which she had applied.

But according to published reports, within two weeks of arriving in Lincoln, Kathy was raped by Christian Peter, a Nebraska football star now with the New York Giants of the National Football League.

It was two years before she reported the assault. Her lonely and painful journey eventually drew her family into a maelstrom of rage and self-questioning that has yet to run its course.

On Thursday, in an effort stimulated by the recent suicide of the girlfriend

another Giants' player, Kathy Redmond was to announce the formation of the National Coalition Against Violent Athletes.

According to Jeffrey Benedict of Boston, a leading researcher in the field of violent athletes, in each of the past three years there have been an average of 100 formal criminal complaints of physical or sexual assault on women by professional and college athletes.

"There's better reporting on the incidents," Benedict said Wednesday, "but I think there are also more incidents in recent years."

While the news media have increased coverage of athletes' transgressions in recent years, the emphasis has usually been on how a rape or assault will affect the athlete's season rather than on how it will affect the life of the victim and her family.

Redmond, 24, who has a degree in broadcasting and a public relations job in Denver, hopes to turn attention to the casualties of what sometimes seems like a jock war on women.

By sports standards, the coalition, which seems housed in Redmond's blue backpack, is not even minor league. The late-afternoon news conference on Thursday was scheduled for the YWCA on Lexington Avenue. There are no corporate sponsors, no teams of therapists. Redmond's own case history is not available to her. As a condition of the out-of-court settlement with Peter and the University of Nebraska, Redmond and her family may not discuss the incident.

But Benedict's book, "Public Heroes, Private Felons" (Northeastern University Press), an examination of athletes and crimes against women, goes into some detail. According to the 1997 book, Peter raped Redmond twice, several nights apart, once in his dorm room and once in hers. She did not report the rapes for two years, until other women had come forward with accusations against Peter.

In a recent interview, Redmond spoke freely about her own feelings of shame and isolation.

"I know I changed," she said. "I wasn't bubbly anymore. I was depressed. I tried to focus on schoolwork and get out quickly. Lacrosse saved my life. It was my emotional release; I could work out my anger on the field."

She eventually told her sisters about the rape, who told her mother, who kept it from her father for months. When Bill Redmond found out, he pulled off his varsity ring, never to wear it again.

Sharon Redmond said, "Something like this totally immerses and devastates an entire family."

Kathy Redmond searches for positives in the experience.

"My mom and I got really close, and I think my dad saw character in me he never saw before," she said.

She was angry when she learned that Peter had signed with the Giants last season.

"He got his dreams," she said, "but he took so much of my life and time away."

Nagano Brawl May Cost U.S. Team

By Bill Brubaker
Washington Post Service

Hockey League investigators. "It's not something one wishes to do," George said. But he said that "if no one comes forward, if no one has the courage to fess up — and they haven't yet" — then there is some basis to discipline on a teamwide basis.

"It's not unlike what a principal might do at a school," he said. "If no one in the class will fess up to breaking a window, then perhaps the whole class gets detention."

George said he was troubled that in interviews with NHL investigators no player was willing to identify teammates who were involved.

"We remain hopeful," George said. "that someone on the team will have the courage and the decency to come forward to take the heat off the entire team, not only the entire hockey team but the entire Olympic team. But that hasn't

happened." The incident occurred between 2:30 and 4 A.M. after the U.S. team, composed entirely of NHL players, was eliminated by the Czech Republic.

Ten chairs were broken, four walls and a door were damaged, and a fire extinguisher was thrown from a fifth-floor apartment into a courtyard.

Within hours after the incident, Gary Bettman, NHL commissioner, announced that the league's security department would lead an investigation to determine which athletes were responsible.

However, in recent days, the NHL security staff completed its interviews with members of the Olympic hockey delegation without determining who was involved in the incident, according to George and another official close to the U.S. Olympic team.

Avalanche Sweep Past the Maple Leafs, 5-3

The Associated Press

Keith Jones, back from a serious knee injury, scored a goal and added two assists as the Colorado Avalanche defeated the Toronto Maple Leafs, 5-3.

Jones, playing in just his fourth game since tearing the anterior cruciate ligament in his left knee in the playoffs last year, scored his first goal since April 13, 1997.

The host Leafs had trouble containing the Avalanche during the entire game Wednesday, with Jones

scoring the winning goal at 3:52 of the final period on a scramble after he retrieved his dropped stick.

Peter Forsberg added two assists, giving him a total of 52, to take over the scoring lead in the National Hockey League with 73 points.

NHL ROUNDUP

ciate ligament in his left knee in the playoffs last year, scored his first goal since April 13, 1997.

The host Leafs had trouble containing the Avalanche during the entire game Wednesday, with Jones

scoring the winning goal at 3:52 of the final period on a scramble after he retrieved his dropped stick.

Oilers 4, Lightning 2 The host Oilers won their third straight, holding off a late charge by the Lightning.

Doug Weight, Scott Fraser, Roman Hamrlik and Dean McAmmond scored for the Oilers. Stephane Richer scored both goals for the Lightning on power plays.

Red Wings 2, Mighty Ducks 0 In Anaheim, Kevin Hodson earned his third career shutout with 35 saves and Brent Gillechrist scored a power-play goal.

Steve Yzerman added his 14th goal on a 2-on-1 break with 4:11 remaining.

CALVIN AND HOBBS

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

© 1998 Gary Larson

ALL RIGHTS RESERVED

PRINTED IN U.S.A.

